CENTRAL PETROLEUM LIMITED

ABN 72 083 254 308

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

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CENTRAL PETROLEUM LIMITED
ABN 72 083 254 308

CORPORATE DIRECTORY

DIRECTORS

Henry J Askin BSc (Hons) PhD MPESA MSEG MEAGE, Non-executive Chairman
John P Heugh BSc (Hons) MAAPG MPESA, Managing Director
Richard W Faull BCom CPA, Non-executive Director
William J Dunmore BSc MSc, Non-executive Director

CHIEF FINANCIAL OFFICER AND JOINT COMPANY SECRETARY

Bruce Elsholz BCom CA (appointed 31 August 2009)

GROUP GENERAL COUNSEL AND JOINT COMPANY SECRETARY

Daniel CM White LLB BCom LLM (appointed 9 December 2009)

REGISTERED OFFICE

Suite 3, Level 4 South Shore Centre
85 South Perth Esplanade
South Perth
Western Australia 6151
Telephone; +61(0)8 9474 1444
Fax: +61(0)8 9474 1555
www.centralpetroleum.com.au

AUDITORS

Stantons International
1st Floor
1 Havelock Street
West Perth
Western Australia 6005

BANKERS

Westpac Banking Corporation
South Shore Centre
Mends Street
South Perth
Western Australia 6151

SHARE REGISTRAR

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth
Western Australia 6000
Telephone: +61(0)8 9323 2000
Fax: +61(0)8 9323 2033
www.computershare.com.au

STOCK EXCHANGE LISTING

Central Petroleum Limited shares and options are listed on the Australian Securities Exchange Limited under the codes ‘CTP’ (shares) and ‘CTPO’ (options).

Fellow shareholders,

This year I have a number of very significant corporate developments and field exploration activities to report. The following will be of an overview nature with details provided in the main presentation.

Let me start by saying that the internal Joint Venture (JV) disputes have been resolved. Recall that Petroleum Exploration Australia (PXA) was the initial farmee to the broadacre area, which included both granted permits and applications. Subsequently PXA was acquired by Queensland Gas Corporation (QGC) for $18.5 million, who in turn was purchased by the BG Group Australia (BG), thus enabling the payment of outstanding cash calls to Central Petroleum Ltd. (CTP). The BG motivation was clearly to acquire the Queensland coal gas assets of QGC, and the collateral involvement with our JV led to an effective standstill in our exploration operations. BG later declined to endorse a farmout to Red Sky Energy (NT) Ltd (ROG) as required by the Joint Operating Agreement, which refusal together with disputed cash calls led directly to a lodgment of notice of dispute and the preparation for formal arbitration proceedings. Prior to the actual hearings, negotiation resulted in BG paying a settlement of $4.25 million to CTP and as of the end of June 2010 withdrawing entirely from all JV holdings. Negotiation of further cash call defaults by ROG has also led to the withdrawal of ROG from the broadacre JV at the end of July 2010. Great Southern Gas Limited (GSG), a company associated with the Managing Director of ROG still retains for the time being an interest of 45% in application EPA 130.
Continued involvement at this level of equity participation is dependent upon GSG funding at the 100% level the first three wells and the first three million dollars of seismic in the permit subject to grant. It is with a degree of satisfaction that I note that these agreements return CTP to 90% equity in Permit EP 115, the site of the current oil shows in Johnstone West-1.

Next I will remark briefly on the status of the Company's coal exploration. Relatively minor coal had previously been discovered in the Pedirka Basin, but the Blamore-1 exploration well drilled by the Company in 2008 encountered a net 140m intersection of coal followed by a similar intersection at a coal well drilled some 50 kms distance updip along a high quality seismic section. Based on these results, other coal intersections in past wells and correlations provided by seismic, an independent report has suggested the presence in our mineral tenements of a JORC coal "Exploration Target" in excess of 600 billion tonnes at a level shallower than 1000m subsurface and a similar amount at deeper levels. Estimates for the petroleum permits suggest over 1 trillion tonnes (low estimate) above 1000m, with 700 billion tonnes deeper. Given this encouragement, a program of five widely spaced and fully cored coal and coal seam gas (CSG) exploration wells commenced early last December and was completed in June. It seems highly likely that these Exploration Target estimates will increase, since net coal intersections ranging from 60m to 140m were encountered in four wells. A fifth well sited to test the boundary of the deposit recorded 6.6m net. It is planned to drill an additional 4 coal wells later this year along the western and northern margin of the permits where the shallowest deposits are expected. As we have reported, it is unlikely that the coals seen to date are suitable for CSG, but it will be recalled that your company has consistently promoted coal gasification which accesses an order of magnitude more energy from the resource than methane extraction alone. Significant interest has also been expressed in coal production per se, and your company is pursuing all opportunities to realize value from these potentially extremely large world standard deposits.

Seismic surveys recommenced in January, the current program of 1,400 line kms being allocated roughly equally between the Amadeus and Pedirka Basins. Performance has been adversely affected by rain, and completion is now expected in November with an overall estimated cost of some $12.9 million. This survey work is costly and time consuming, but very necessary. To see why, consider the drilling history of the Amadeus Basin where 33 exploration wells have been drilled. Two discovered commercial fields, 5 produced moveable but non-commercial hydrocarbons, and of the remaining 26 unsuccessful tests, published studies have suggested that 13, or fully 50%, may have been drilled off structure. Your company has no wish to add to this list by committing to immature drilling prospects.

In our current drilling program, the recently completed Ooraminna-2 well encountered gas as expected. However since the well did not intersect any natural fracturing the maximum flow rate was limited to ca 150,000 cu ft. per day and the well was plugged and abandoned. The drilled feature is actually a side lobe of a massive structure immediately to the east, so there is clearly a major upside potential present and your company will be investigating the means whereby commercial production might be established from these unconventional tight reservoirs.

The drilling of our current well, Johnstone West-1, represents a shift in emphasis to the testing of oil prospects, this being enabled by land access and the withdrawal of JV participants, and clearly these prospects if successful can lead to a much earlier cash flow. It seems as I write that this well has been successful in intersecting some 92m of oil indications of which the basal 15m or so exhibit excellent oil shows. The formation is described as sandstone with good visible porosity, and oil has been observed at surface. Logging has commenced, after which depending on analysis the well will be cased and flow tested. The structure is quite complex, and if flow testing is successful a 3D seismic survey, the first in the Basin, is planned to allow reliable estimates of OIIP and facilitate field development design. After completion of Johnstone West-1, the rig will be moved to the nearby Surprise-1 location, an independent down dip anticline identified on our previous seismic surveys.

Further drilling is planned for the coming year, including possible development wells in the Amadeus Basin plus several in the Pedirka Basin where the oil prospectivity has been enhanced by the residual oil shows identified in the 2008 Blamore and Simpson wells Final selection of these proposed wildcats is waiting on current seismic results.

In summary, this has been a most satisfying year for your company, with our current activity being made possible by funding secured despite the negative market sentiments stemming from the world wide 2008/2009 financial failures. In turn, this activity has established the presence of a major coal province in the Pedirka Basin and substantially de-risked the Amadeus Basin by the discovery of an active petroleum system and live oil in Johnstone West-1. We have major acreage holdings and no shortage of targets, so the coming year cannot be anything other than eventful.

Finally, as usual, a word about the per barrel oil price. As of 20 September the NYMEX price was US$77, and present forecasts for 2011 are in the range US$85 to US$92. Disregarding details, a general outcome is fairly clear. We are dealing with a finite resource which is in ever increasing demand, albeit with intermittent and short term slumps. For operations in Australia the exchange rate is equally significant, but even at current circumstances the discovery of new oil in the western Amadeus is very good news indeed.

Dr. Henry J. Askin
Chairman

Melbourne, 21 September, 2010.

Your directors present their report on the Consolidated Entity, consisting of Central Petroleum Limited ("Company" or "CTP") and the entities it controlled, for the financial year ended 30 June 2010 and the auditors report thereon.

DIRECTORS

The names of the directors of the parent company in office at any time during or since the end of the financial year are:

Henry J Askin
John P Heugh
Richard W Faull
William J Dunmore

Directors have held office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the financial year was the exploration for hydrocarbons, helium and coal/coal seam gas.

There was no significant change in the nature of the Consolidated Entity's activities during the year.

OPERATING RESULT

The Consolidated Entity had an operating loss after income tax for the year ended 30 June 2010 of $11,809,727 (2009: $12,769,465).

At 30 June 2010 consolidated cash reserves available totalled $37,529,579 (2009: $35,930,650).

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

Corporate Objectives

The Company's main goal is to discover and produce hydrocarbons and helium, thereby maximising shareholder returns by enhanced share value and potentially by dividend payments. It aims to operate a central Australian oil and gas hub connected to appropriate infrastructure to allow the export to domestic and overseas markets of both primary energy resources and value added hydrocarbon and helium products.

At the time of completion of this report, the Company had reached a potentially significant milestone in its corporate objectives by the discovery of significant oil shows in its current oil well, Johnstone West-1 within EP 115 in the north western Amadeus Basin. These oil shows, subject to further evaluation, may represent the most significant oil show discovery in the Amadeus Basin since the discovery of Palaeozoic (Ordovician) oil shows at the West Mereenie-1 oil well in 1963. A potential net oil pay zone of 14 metres (45 feet) has been reported from the results of logging analysis and the Company plans to flow test the well. This development together with gas described at Ooraminna-2 in the Amadeus Basin and the significant coal intersections recorded in the Pedirka Basin has underscored the credibility of the Company's original philosophy of putting together large areas of prospective ground in a counter-cyclical acquisition strategy.

The Johnstone West-1 Well Site

Subject to discovery success, within the constraints of current and potential future Joint Ventures, and access to relevant acreage, the Company plans to prioritise oil exploration and to potentially capitalise on early cash flow from any oil discoveries via trucking to port facilities at either of Port Darwin or Port Bonython. If successful discovery and development of oil reaches a sufficient logistical threshold, more efficient transport to markets such as pipeline and bulk rail tanker methods may be considered. Early cash flow may also be possible from helium and "mini" LNG production and sales and this is regarded as an intrinsic part of the Company's overall strategy for relatively short term cash flow. The Company and some of its Joint Venture participants are actively studying potential to monetise relatively low volume helium production and sales at field based operations to produce either cryogenically or compressed helium suitable for transport to Port Darwin and thence to national and international markets without the necessity for a very large scale centrally located gas-to liquids ("GTL") or other value adding plant. Low volume production of LNG for the transport industry is also a potential source of income for the Company. In the longer term the Company is seeking to build gas resources to a threshold point where value-adding processes such as LNG and/or GTL for example can be brought into play. Apart from conventional oil and gas reservoir potential, the Company has independent estimates coupled with in-house estimates of over 5 billion barrels of oil and 100 trillion cubic feet of gas in unconventional reservoirs such as shale gas, shale oil and underground coal gasification (UCG).

Although results obtained from exploration for coal seam gas (CSG) have been disappointing, a significant addition to exploration potential has been highlighted via an independent report citing a range of 690 ("low") to 865 ("high") billion tonnes of coal as a JORC "Exploration Target". Although the potential quantity and grade of the coal is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. The additional seismic under way in the Pedirka Basin and the results of the 5 well CSG programme carried out during 2009 and 2010 have not been factored in as yet.

Traditional Owners and Community members at Johnstone West-1 consult with the Central Land Council's David Young

The substantial cash injections received by the Company during the year ended 30 June 2010 provided the Group with the resources to enable it to carry out an expanded exploration and appraisal work program in Central Australia, where the Company has numerous prospective permits. Drawdowns of the Asia Convertible Bond Opportunities LLC rolling convertible bond facility contributed $4 million and this was followed by a successful capital raising of $22.6 million (fully underwritten by Patersons Securities Limited) which provided further exploration funds and working capital. This was especially beneficial given the announced withdrawal of Petroleum Exploration Australia Pty Ltd ("PXA") and Red Sky Energy (NT) Pty Ltd ("ROGNT") from Joint Ventures. A cash settlement of $4.25 million was received from PXA on its withdrawal and the Company now retains 100% of all permits and applications other than EPA 130, EP97, EP115 and the Mt Kitty and Magee prospect blocks within EP125 and EP82 respectively.

These joint venture participant withdrawals have ended a period of uncertainty and the Company is now positioned to move forward in a more selective and strategic fashion. The Company is seeking potential joint venture participants with the financial capacity and the will to explore the vast prospective acreage at its disposal. The Company started the current financial year with $35.9 million in cash and cash equivalents and at 30 June 2010 held $37.5 million, both amounts inclusive of its share of cash held in Joint Venture bank accounts. The Company emerged from the chaos of the Global Financial Crisis in a robust and positive position.

Since the end of the financial year the various joint ventures have continued with their drilling and seismic programmes. With the significance of the recent oil show discoveries at Johnstone West-1 still being evaluated the Company is hopeful that it is entering a period of renewed substantial growth. Accordingly it has appointed PricewaterhouseCoopers to provide specialist advice in corporate governance, remuneration, joint venture administration and other pertinent matters.

On 28 September 2010 the Company announced it has conditionally raised $19.35 million (before costs) with the assistance of Patersons Securities Limited. This comprises a share placement raising approximately $6.45 million (before costs) and an underwritten Share Purchase Plan to the level of the first 150 million shares conditionally raising a minimum $12.9 million. Funds will be directed to accelerating the appraisal of the Western Amadeus.

Exploration, Joint Venture Activities and Highlights of the Year

Phase One 2009/10 Programme

Late in 2009, with farm-in participants PXA, Trident Energy Limited, He Nuclear Limited, ROGNT and Rawson Resources Limited, the Company and its wholly owned subsidiaries commenced a $32 million Phase One 2009/10 exploration programme consisting of 5 fully cored coal seam gas wells (CSG) wells in the Pedirka Basin and 1,380 line kms of high quality 2D seismic over the broad width of the Company's permits.

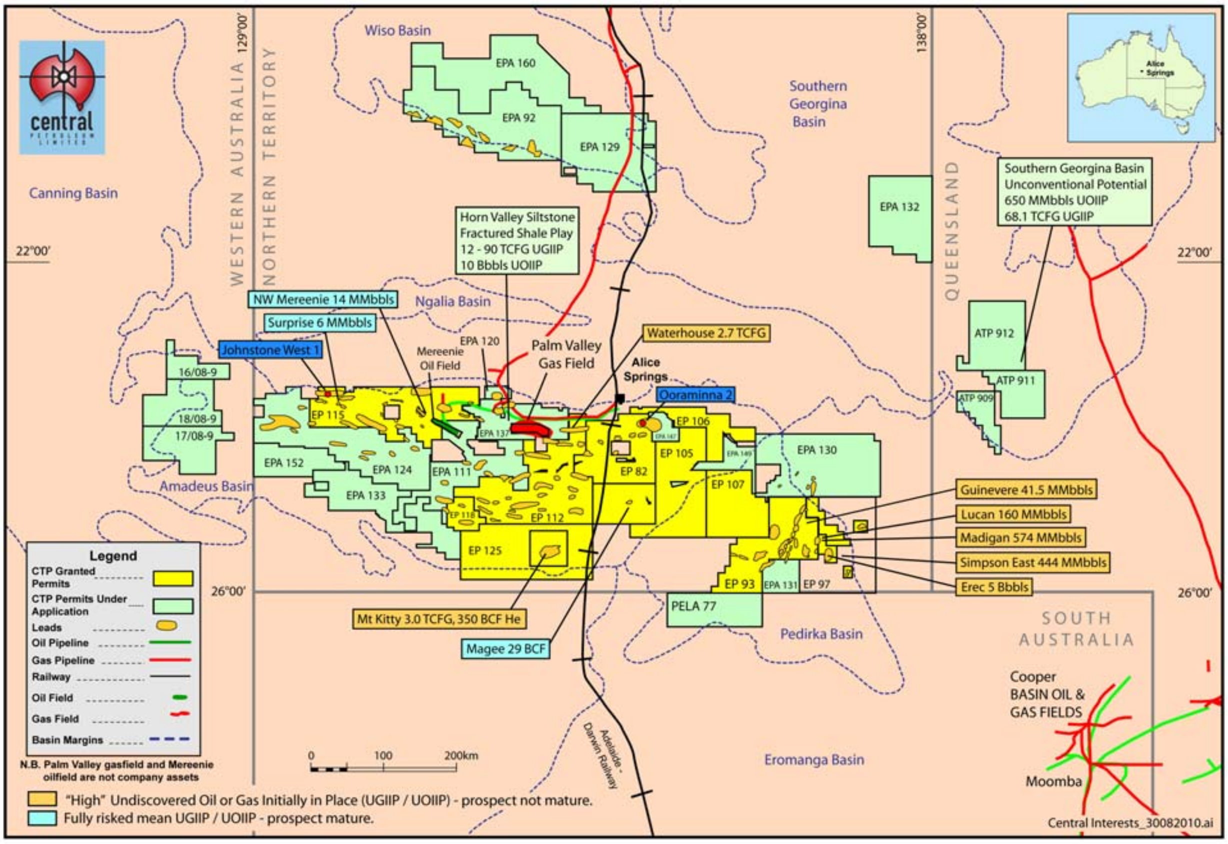
Drilling

CSG wells CBM93-004, CBM93-003, CBM93-002, CBM 107-001 and CBM107-002 were completed by May 2010. The net coal in the wells, inclusive of the three wells drilled in 2008, (Blamore-1, Simpson-1 and CBM93-001) averaged in excess of 90m with individual seams ranging up to almost 35m.

Seismic

During the course of the 2009/2010 seismic acquisition programme, the EP97 Joint Venture assessed that a further 130 km of 2D seismic should be acquired in the general vicinity and that as the seismic crews were already working nearby it made commercial sense to acquire these additional lines in the current programme rather than to include this in a future programme.

At the time of preparation of this report, Terrex Seismic is still to acquire 169km of 2D seismic from the modified Phase One programme. Results have been very successful with many new leads being developed for oil, gas, condensate and helium and some spectacular potential salt related structures being revealed.

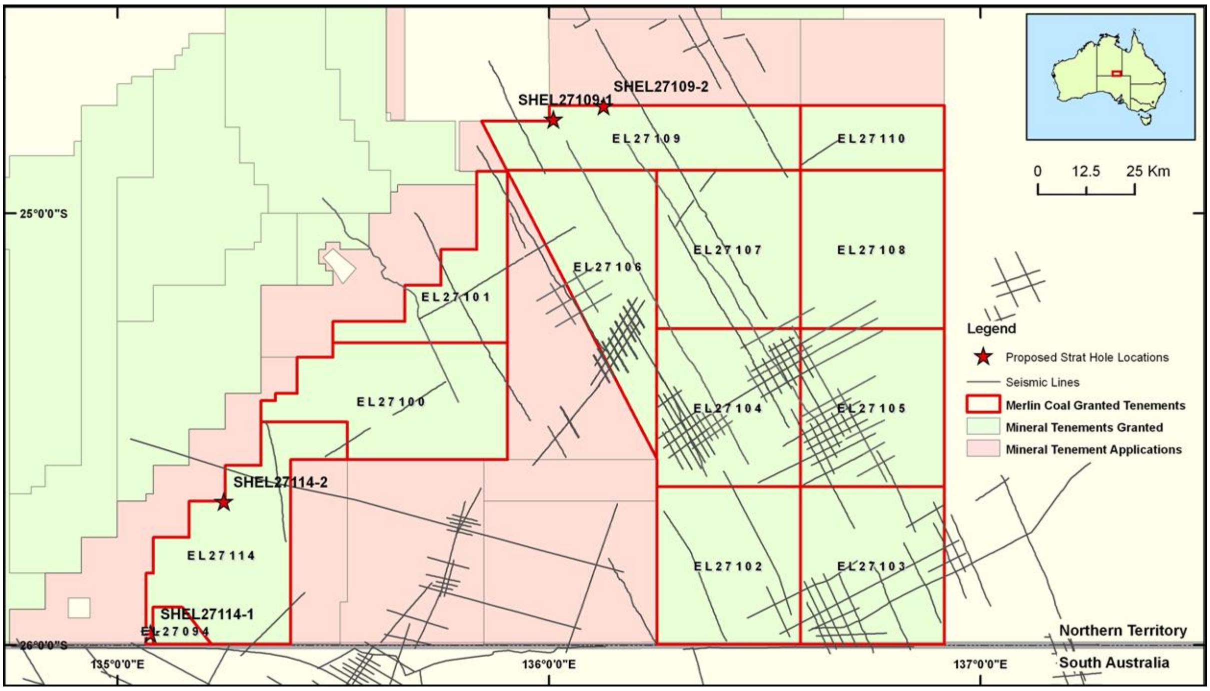


Petroleum License Interests of Central Petroleum Limited

PERMIT/WELL	TOP-BASE COAL M	NET COAL >1M	THICKEST SEAM M
EP 93			
CBM 93-001(EL27101)	698.5 – 1203.2	141.8	34.5
CBM 93-002(EL27100)	790.1 – 902.2	101.1	14.4
CBM 93-003(EL27107)	719.6 – 834.6	6.6	1.7
CBM 93-004(ELA27099)	640.5 – 782.5	126.3	18
Blamore-1 (EL 27106)	1533.6 – 2037.4	141.6	17.0
EP 97 Farmin			
Simpson-1(EL27105)	1699.0-1721.3	5.4	5.4
EP 107			
NT107 – 001(EL27101)	745.0 – 1227.0	148.7	32.5
NT107 - 002	296.5-469.3	62.7	20.1
PELA77 Appl.			
Mt Hammersley-1	617.3 – 844.6	48.2	6.6
Dalmatia-1	593.2 – 640.9	1.8	1.8
EPA 131			
Etingimbra-1	615.5 – 625.6	2.5	2.5
EP 97 (Non Central)			
Colson-1	2132.9 – 2204.5	16.2	6.7
SA Wells (Misc.)			
Purni-1	1425.0 – 1660.8	15.3	2.6
Mokari-1	1805.7 – 1952.0	23.47	7.2

There are significant coal intersections in the Pedirka Basin. Note that Mokari-1 and Purni-1 are not within the Company's acreage and that Mt Hammersley-1, Dalmatia-1, Etingimbra-1 and Colson-1 were not drilled by the Company.

The Company now plans to drill four stratigraphic coal exploration wells in its Mining Act permits commencing in the fourth quarter of calendar year 2010. These are depicted in the following map.



A second result of the intersection of thicker than anticipated coal sections encountered is that previous JORC "Exploration Target" tonnages will have to be remapped and recalculated possibly with significant gains. The coal, where tested to date, has indicative calorific values of c.5,000-6,000 Kcals/Kg with relatively low ash contents ranging from c.8-14%. This, prima facie, means that the coal is comparable to many other "steaming" or thermal coals being exported from Queensland and New South Wales.

Merlin Energy Pty Ltd Petroleum Tenements*	**Low**	**High**
(wholly owned CTP subsidiary)	**Billion tonnes**	**Billion tonnes**
Tonnes coal above 1000m contour	1,110	1,385
Tonnes coal below 1000m contour	690	865
	1,800	2,250
Merlin Coal Pty Ltd Mineral Tenements*		
(wholly owned CTP subsidiary)	**Billion tonnes**	**Billion tonnes**
Tonnes coal above 1000m contour	635	795
Tonnes coal below 1000m contour	825	1,030
	1,460	1,825

Coal tonnages in a viable JORC "Exploration Target" (AusIMM) – the potential quantity and grade of the coal is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource

There may be several ways to monetise any reserves which, subject to further exploration success, may be demonstrated. The strategies under examination include beneficiation, pelletising and export, mining and surface coal gasification or UCG to provide feedstock for a gas to liquids plant ("GTL"). It must be noted that any potential monetisation of coal that may be proven in the Pedirka Basin is necessarily a long term and capital intensive process. Whilst cognizant of the inherent logistical difficulties associated with major coal operations in such a remote area, the Company is equally cognizant of the potentially vast energy reserves that may be proven, subject to exploration success. In the context of an energy hungry world, with the booming economies of countries such as China, India and Korea in relatively close proximity to Australia, the Company is hopeful that in time, ways will be devised to monetise such a vast potential storehouse of energy.

Phase Two 2010 Programme

Despite problems with Joint Venture participants PXA and ROGNT, the Operator pressed ahead with the drilling of Ooraminna-2 and Johnstone West-1 to ensure the continued good standing of the permits.

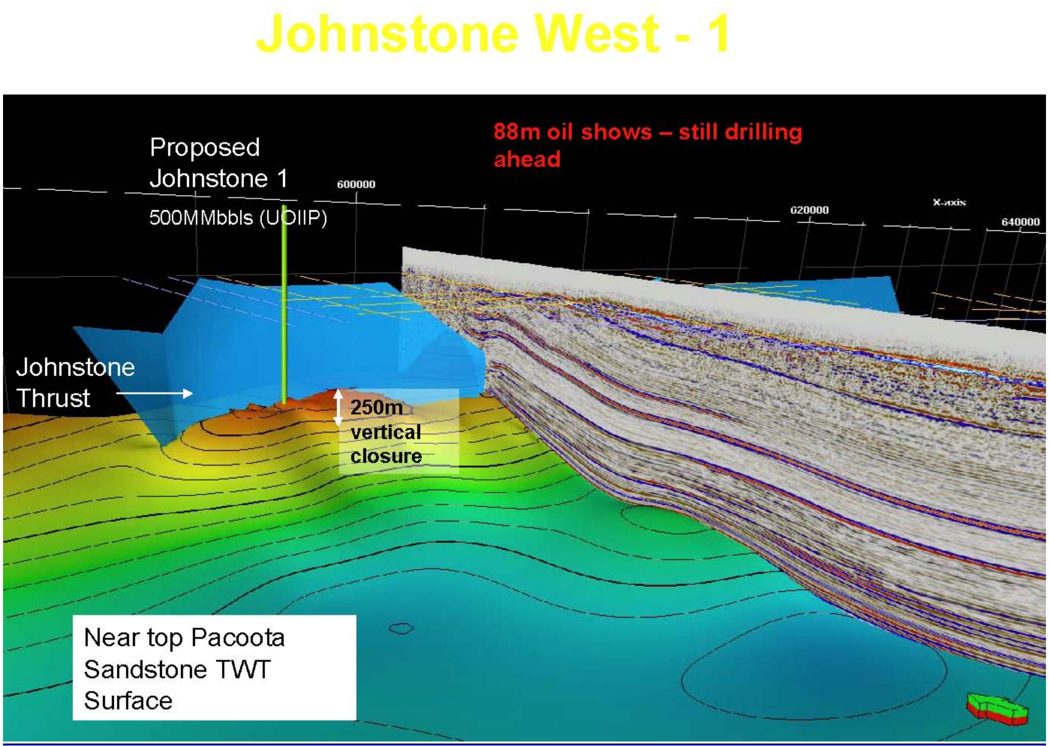
Ooraminna-2 (EP 82)

The 2010 Phase Two Programme commenced in July 2010 with the spudding and drilling of Ooraminna-2, a large gas prospect close to Alice Springs which had flowed gas to surface already in a previous well drilled in 1963.

The drilling of Ooraminna-2 was a "technical success" with a stablised gas flow to surface of 152,000 cubic feet of gas per day from a tight gas column still under evaluation from a similar zone to the gas zone in Ooraminna-1. The total area of the prospect structure may be over 1,000km^2 extending in to the contiguous permit application EPA 147 and the Company believes it may have potential for additional exploration and development, possibly employing horizontal drilling and/or fraccing techniques. The granting of EPA 147 has been initially refused by the Central Land Council but the Company is hopeful of re-commencing negotiations within the moratorium period.

Johnstone West -1 (EP115)

The Johnstone West-1 well was spudded on 19 August 2010 with a planned TD in the Goyder Formation. There were multiple oil targets as well as shale oil/gas targets.



<u>Johnstone West-1 well (EP 115)</u>

At the time of completion of this report, the Johnstone West-1 well had reached a total depth of 1,666 metres with oil shows evident over a total hydrocarbon column of 128 metres Excellent oil shows have been recorded with evidence of good porosity, live visible oil in samples, oil slicks mixed with drilling mud and very high oil saturation in fluoroscopic and visual examination in natural light over the intervals 1,470 to 1,485 metres. A potential net pay zone has been interpreted from electric logs of 14 metres. No evidence of a water leg had been described.

Surprise-1 (EP 115)

The processing of new seismic acquired in early 2010 has allowed the Company to develop a second oil target and mature it to drilling readiness, Surprise-1, a test of the same objectives in Johnstone West-1 in a deeper portion of the trough and oil kitchen some 8 km to the south of Johnstone West-1.

The estimated "high" UOIIP of 50 MMbbls with an estimated mean fully risked UOIIP of 6 MMbbls although considerably smaller than the Johnstone West-1 prospect when considered in the context of the well's location in a geologically more favourable location with much shorter postulated migration distances from the Johnstone Trough oil kitchen makes it a very attractive proposal.

At the time of completion of this report, a notice had been sent to MB Century advising of the Company's plans to mobilise to the Surprise-1 site on completion of the drilling and evaluation of Johnstone West-1 and the Board of Directors of the Company had authorised the expenditure of up to approximately $7.5 million for drilling, evaluation and potential completion of the well.

Magee-2 (EP 82)

This deep test of the Arumbera Sandstone and the Heavitree Formation at the base of the Neo-Proterozoic for gas, condensate and helium was planned to be carried out during the fourth quarter of 2010 but the positive results of the Johnstone West-1 well and the maturity of the Surprise-1 well, a promising oil prospect, resulted in a decision to postpone the drilling of Magee-2 until a later drilling campaign. Helium Australia Pty Ltd, a wholly owned subsidiary of the Company is in joint venture with Oil and Gas Exploration Limited (previously He Nuclear Limited) in the Magee Prospect Block within EP 82.

Farm-ins /Farm-outs

Energy Infrastructure Limited/Great Southern Gas Limited EPA 130

In August 2009, Energy Infrastructure Limited (EIR) and the Company reached agreement on the terms of a farm-out by the Company of a 25% participating interest in the yet to be granted EPA 130. The agreed terms include the Company remaining as Operator and a 60% for 25% "promote" on the costs of initial exploration including the first 3 wells and the first $3 million of seismic works. EIR had the right to nominate another company in place of itself in the proposed formal agreement. The Company was subsequently advised by Great Southern Gas Limited, ("GSG"), an existing farmin participant in EPA 130, that GSG was exercising its pre-emptive rights over the EIR offer and on 3 December 2009, a formal farmout agreement with GSG and Merlin Energy Pty Ltd (one of the Company's wholly owned subsidiaries) was executed. As a result GSG is required to fund 100% of the farmin phase of 3 wells and $3 million of seismic works in this permit, subject to the successful grant of the permit and they will retain a cumulative 45% interest in the permit.

Red Sky Energy (NT) Pty Ltd and Petroleum Exploration Australia Limited - Broadacre Joint Venture

On 30 September 2009 the Company, its relevant wholly owned subsidiaries and Red Sky Energy (NT) Pty Ltd ("ROGNT"), a wholly owned subsidiary of the ASX listed Red Sky Energy Limited ("Red Sky"), executed a farmout agreement whereby the Company's relevant wholly owned subsidiaries exercised their respective right to assign to ROGNT a 10% Participating Interest in the following granted permits and applications EP-82 (remaining area outside of the Magee Prospect Block), EP-93, EP-105, EP-106, EP-107, EP-112, EP-115, EP-118, EP-125 (remaining area outside of the Mt Kitty Prospect Block), EPA-92, EPA-111, EPA-120, EPA-124, EPA-129, EPA-131, EPA-132, EPA-133, EPA-137, EPA-147, EPA-149, EPA-152, EPA-160, ATP-909, ATP- 911, ATP-912, PELA -77, PEPA 16/08-9, PEPA 18/08-9, and PEPA 17/08-9.

The agreement, inter alia, called for ROGNT to fund at the 2:1 (2 for 1) promoted level the first 20% of the next three wells and the next $3 million of seismic in each of the permits and applications subject to grant. In addition ROGNT would have paid the Company a reserve premium of $5 million indexed to various production standard prices from time to time for each incremental 3P (proved, probable and possible) trillion cubic feet of gas or oil equivalent at final investment decision ("FID") which may have been discovered in the Joint Venture area.

It was the Company's view that Petroleum Exploration Australia Limited ("PXA") was obliged to execute certain ancillary documents to enable the full entry of ROGNT into the Joint Venture and, for some time, PXA refused or failed to execute these documents. As a result, the matter was referred to arbitration for determination. Red Sky by its ASX announcement dated 17 December 2009, advised that ROG NT had reached "further agreement" with PXA (the details of which remain unknown to the Company). This "further agreement" apparently resulted in PXA executing the required ancillary documents with an agreed date of execution of 30 September 2009 and ROG NT was formally admitted to the Joint Ventures concerned. The Company continued with the arbitration process to address issues which have arisen since the commencement of the arbitration and which the Company said had expanded the scope of the arbitration to include issues arising out of the "further agreement" referred to in ROG NT's ASX announcement, together with the Company's claim for an award of costs.

Subsequent to these developments on 25 June 2010, the Company announced that with the receipt of $4.25 million from PXA that PXA had withdrawn from all joint ventures.

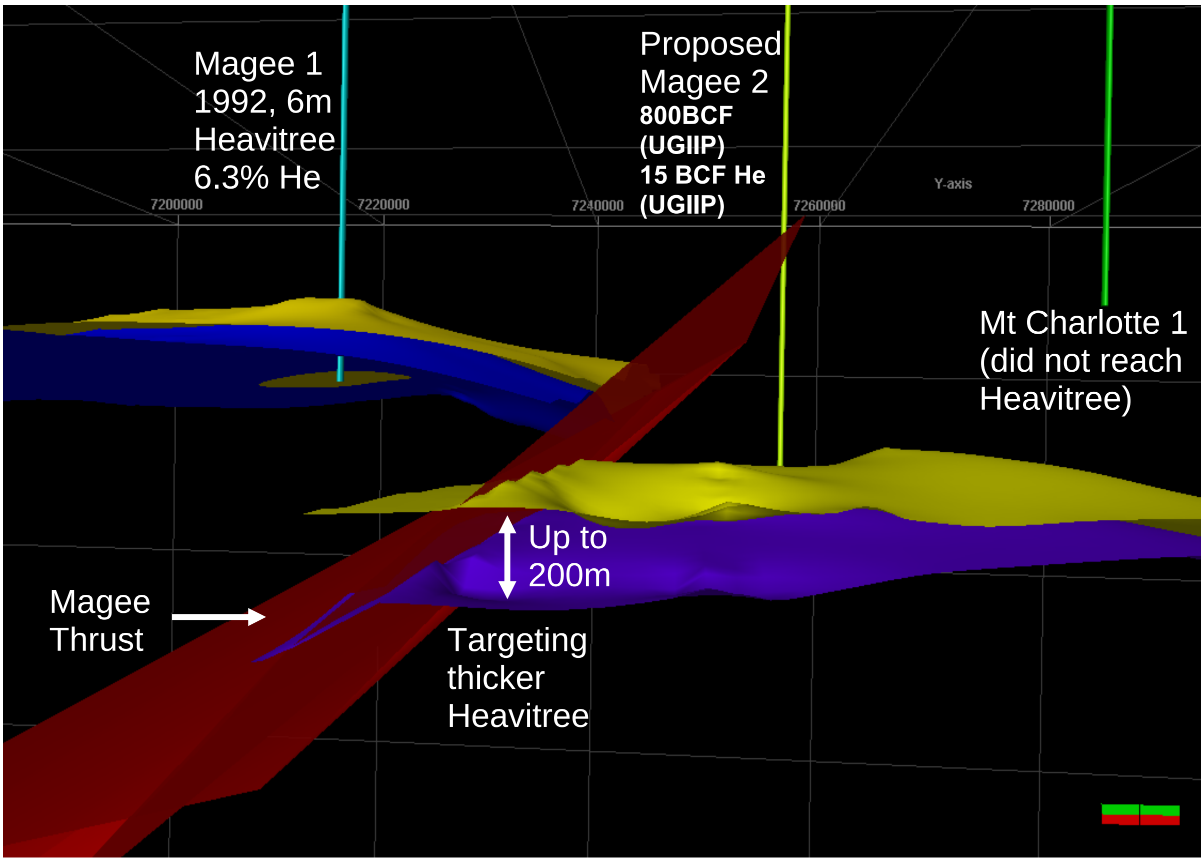
Following a period of disagreement about the conduct of ROG NT in the various joint ventures it was involved in with the Company, it was announced by the Company on 30 July 2010 that ROG NT had withdrawn from all joint ventures in return for the payment of an undisclosed sum to the Company.

Rawson Resources Limited Farmin Agreement

Since October 2007, the Company's wholly owned subsidiary Merlin Energy Pty Ltd, has been farming in to Rawson Resources Limited's (Rawson) EP 97 Simpson, Bejah and Dune Prospect Blocks to earn a 80% interest in each of the blocks thought to be prospective for oil. Simpson-1, drilled by the Company in 2008 encountered interesting oil shows and limited coal intersections. As a result of the study of these results and both recent and older vintage seismic, the Company identified a prospective new trend, the Pellinor trend and on 6 August 2010 announced a new farmin agreement with Rawson to allow it to acquire an 80% interest in the Pellinor Prospect Block. The Company has completed the seismic requirements of the farmin concerned and now is to drill a well to earn an 80% interest in the prospect block concerned.

Helium Extraction and Marketing

The Company appointed Dr Michael Clarke of M.E.T.T.S. Pty. Ltd. (Consulting Engineers, Resource & Infrastructure Development), Dr Duncan Seddon and Associates Pty Ltd and Negotiaction Pty Ltd to provide a pre-feasibility study of costs, processes and potential markets for helium extracted from relatively low volume gas production from prospects thought to potentially host helium in the Amadeus Basin. The Company is involved in a joint venture in the Mt Kitty and Magee prospect blocks in the southern portion of EP 125 and EP 82 respectively and has reason to believe that the area has potential to host volumes of gas, condensate and helium with a concentration of 5% or more. The Magee 1 well, drilled by Pacific Oil and Gas in 1992 flowed such a gas mixture to surface with a helium concentration of 6.2%, unusually high, from the subsalt Heavitree Formation. The Company and its joint venture participant, Oil & Gas Exploration Limited (previously He Nuclear Limited) have completed additional seismic over the Magee prospect and other prospects in the area as part of the Phase One 2009/10 exploration programme and, the Company planned conditionally on drilling the Magee 2 well in 2010 targeting up to 0.8 TCFG and 15 BCF of helium in Undiscovered Gas Initially In Place. This has now been postponed until a later drilling campaign given the success of the oil drilling campaign in EP 115.



<u>The Proposed Magee-2 well (Magee Prospect Block EP 82)</u>

A table showing the "high" upside UGIIP and UOIIP potential of a range of prospects possibly available for potential drilling follows:

Gas Volumetrics Bcf

	UGIIP	COS %	Mean	Risked Mean	Permit
Waterhouse	2700				EP-82
Magee Arumbera	171	29	61	18	EP-82
Magee Heavitree	102	26	42	11	EP-82
Mt Kitty	3000				EP-125

Oil Volumetrics MMBBls

	UOIIP	COS %	Mean	Risked Mean	Permit
Johnstone West	256	22	99	22	EP-115
Surprise	49.6	33	19	6	EP-115
NW Mer. Sub	103	26	55	14	EP-115
Guinevere	41.5				EP-93
Flat Top	20				EP-93
Round Top	20				EP-93
Madigan	574				EP-97
Simpson East	444				EP-97
Erec	5000				EP-97
Lucan	160				EP-97

UOIIP/UGIIP fully risked mean - Prospects mature
UGIIP/UOIIP high undiscovered oil or gas in place - Prospects not matured.
Sep-10

A range of prospects available for drilling subject to further evaluation. The results of Phase One 2009/10 seismic may change some of these volumetrics. Unrisked UGIIP and UOIIP are "high" estimates.

Interests in Permits and Permit Applications

Details of the permits and permit applications in which the Consolidated Entity has an interest are provided on Page 64 of this Annual Report.

General Disclaimer and explanation of terms

Potential volumetrics of gas or oil may be categorised as Undiscovered Gas or Oil Initially In Place (UGIIP or UOIIP) or Prospective Recoverable Oil or Gas in accordance with AAPG/SPE guidelines. Since oil via Gas to Liquids Processes (GTL) volumetrics may be derived from gas estimates the corresponding categorisation applies. Unless otherwise annotated any potential oil, gas or helium UGIIP or UOIIP figures are at "high" estimate in accordance with the guidelines of the Society of Petroleum Engineers (SPE) as preferred by the ASX Limited but the ASX Limited takes no responsibility for such quoted figures.

As new information comes to hand from data processing and new drilling and seismic information, preliminary results may be modified. Resources estimates, assessments of exploration results and other opinions expressed by the Company in this announcement or report have not been reviewed by relevant Joint Venture partners. Therefore those resource estimates, assessments of exploration results and opinions represent the views of the Company only. Exploration programmes which may be referred to in this announcement or report have not been necessarily been approved by relevant Joint Venture partners and accordingly constitute a proposal only unless and until approved.

Competent Persons Statement

Al Maynard & Associates
Information in this announcement or attached report or notification which may relate to Exploration Results of coal tonnages in the Pedirka Basin is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG") and a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and an independent consultant to the Company. Mr Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in this Report or announcement of the matters based on his information in the form and context in which it appears.

Mulready Consulting Services
The Mulready Consulting Services Report on UCG and CSG which may be referred to in this report or announcement or notification was prepared by their Associate Mr Roger Meaney, who holds a BSc (Hons) from Latrobe University and has over 30 years experience in the petroleum exploration and production industry with 8 years experience in the field of Coal Seam Gas.

Johnstone West – 1 Wellsite in EP 115

INFORMATION ON DIRECTORS

Henry J Askin BSc (Hons) PhD MSEG MEAGE MPESA

Independent Non Executive Chairman

Dr Askin has over 40 years of experience in the oil exploration industry, of which some 25 years were with the Shell Group of Companies, most recently as a consultant. He is based in Melbourne.

From 1990 until his retirement in December 1997, he was exploration manager with Shell Development (Australia) Pty. Ltd. in Melbourne. Throughout this period he was Shell's representative on the APPEA Exploration Committee, and was a Director of the various Shell companies established pursuant to operations in the Indonesia Australia Zone of Cooperation.

Dr Askin's previous appointments with the Shell Group were in Australia, Oman, Norway, The Netherlands and India. During this time he held various positions including seismic interpreter, chief geophysicist, seismic processing manager, deputy head of new exploration ventures and, immediately prior to returning to Australia, general manager of Shell India.

While his career has ranged from seismic interpretation and prospect generation to senior management, Dr. Askin has contributed to the practice of geophysics in the wider sense, most notably in the co-authorship of a paper read at the EAEG meeting in Belgrade (1987) which received the inaugural best paper award. He is a life member of the Society of Exploration Geophysicists, an active member of the European Association of Geoscientists and Engineers, and a member of the Petroleum Exploration Society of Australia.

Dr Askin is a non-executive director of Bass Strait Oil Company Ltd. Within the last three years, he has not been a director of any other listed public company.

John Heugh BSc (Hons) MAAPG, MPESA

Managing Director

A practising Geologist, Mr Heugh has over 30 years experience in many aspects of petroleum and mineral exploration, with 20 years experience in oil field exploration and development, both on shore and off shore, in Australia and overseas, supplemented by 10 years metallics, environmental and general geology experience.

He has worked as a consultant to or with sub-contractors working for a number of petroleum companies, including Esso, Wapet, Pancontinental Petroleum, Santos, Western Mining Corporation, Bridge Oil, Ampol, Kuwaiti Foreign Petroleum Corporation, Arco and Chevron-Texaco. Mr Heugh also has expertise in technical sales management, general management, exploration, joint venture and contract negotiation and management, project generation, logistics, engineering technical support and remote area operations.

He has undertaken specialist correspondence studies in oilfield drilling technology and development at the University of Texas and advanced management courses with the Australian Institute of Management.

He holds an honours degree in Science, majoring in Geology from the University of New England in New South Wales. Mr Heugh is Chairman of the Curtin University Centre of Excellence in Petroleum Geology and Engineering Annual Symposia on Extreme Operations, Petroleum. He is a member of the Gerson Lerhman Council of Energy Advisers, the Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists. Within the last three years, Mr Heugh has not been a director of any other listed public company.

Richard Faull BCom CPA

Independent Non Executive Director

Mr Faull has had over 25 years experience as a Director, Executive and Company Secretary in mineral and petroleum exploration companies. He is currently a Director and Company Secretary of Fleurieu Mines NL and Barranco Resources NL. Within the last three years, Mr Faull has not been a director of any other listed public company.

Mr Faull has a degree in Commerce from the University of Western Australia and is a member of CPA Australia.

William J Dunmore BSc MSc

Independent Non Executive Director

Mr Dunmore is an experienced reservoir and production engineer with significant transaction, analysis and financial modelling knowledge gained by consultancies and employment with a number of financial institutions and petroleum companies including Barclays Bank, Unicredit HVB, British Gas, HBOS/BankWest, SMBC, BHP Petroleum, Schlumberger, Hardman, Mobil, Lasmo, Petrobras, CSX, Total, Nippon Oil and Powergen. He has over 35 years of direct relevant experience in Australia as well as Europe. He continues to actively consult to a number of clients. Mr Dunmore has been engaged to appear as an expert witness.and has advised on debt recovery in the area of insolvency. He is a member of the Society of Petroleum Engineers.

Within the last three years, Mr Dunmore has not been a director of any other listed public company.

COMPANY SECRETARIES

Bruce Elsholz BCom CA

Mr Elsholz was appointed as Chief Financial Officer and Company Secretary effective from 31 August 2009. Mr Elsholz has around 30 years experience in the upstream oil and gas sector. He has held senior financial roles with a number of exploration and production companies in Australia and Canada. He also has approximately ten years experience as Company Secretary with a number of ASX listed entities.

Daniel CM White LLB BCom LLM

Mr White was appointed as Group General Counsel on 30 November 2009 and shortly thereafter as Company Secretary. Mr White has considerable experience in corporate finance transactions (including acquisitions and divestitures), equity and debt capital raisings, joint venture and partnering agreements and litigation and international commercial arbitration. He has held senior international based positions with Kuwait Energy Company and Clough Limited.

DIRECTORS' MEETINGS

The number of directors' meetings held and the number of meetings attended by each of the directors of the Company during the financial year are:

	Number of meetings held at which eligible to attend	Number of meetings attended
Henry Askin	11	11
John Heugh	11	10
Richard Faull	11	11
William Dunmore	11	8

Business of the directors was often effected by written resolutions signed by all of the directors who were eligible to vote on the resolution.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

- Convertible bonds totalling $4,000,000 were converted into 41,068,172 ordinary shares.
- In May 2010 the Company successfully concluded a renounceable rights issue ("RRI") of 301,821,284 shares at $0.075 per share to raise $22.6 million before costs. In addition, 120,856,222 options, exercisable at 16 cents and with an expiry date of 31 March 2014, were issued to shareholders and underwriters to the RRI. These options are listed on the Australian Stock Exchange;
- The Company continued its exploration activities in conjunction with its joint venture partners, including the drilling of five coal seam gas wells in the Pedirka Basin and the commencement of drilling the conventional gas prospect Ooraminna-2. In addition, a 1,380 km regional 2D seismic programme was undertaken at a cost of approximately $12 million.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at Note 27 to the Financial Statements, have arisen since the end of the financial year which significantly affected or may affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future financial years.

LIKELY DEVELOPMENTS

The Consolidated Entity will continue to explore its exploration acreage in Australia as well as, subject to operational contingencies, undertake its planned 2010 drilling and seismic acquisition programmes.

Further information about likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in this report because, in the opinion of the directors, disclosure of the information may prejudice the interests of the Consolidated Entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity is subject to significant environmental regulation with regard to its exploration activities.

The Consolidated Entity aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company and the Consolidated Entity are not aware of any breach of environmental legislation for the year under review.

INSURANCE OF DIRECTORS AND OFFICERS

Since the end of the previous financial year the Company has paid insurance premiums of $16,750 in respect of directors' and officers' liability and legal expenses' insurance contracts for current and former directors and officers of the Consolidated Entity. This insurance cover runs to after the close of the financial year.

NUMBER OF EMPLOYEES

The Company had twenty (20) employees at 30 June 2010.

PROCEEDINGS ON BEHALF OF COMPANY

Except as referred below no person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings. The Consolidated Entity was a party to the following proceedings during the year.

Petroleum Exploration Australia Limited dispute – Red Sky Energy (NT) Pty Ltd farm-in

It was the Company's view that Petroleum Exploration Australia Limited (PXA) was obliged to execute certain ancillary documents to enable the full entry of Red Sky Energy (NT) Pty Ltd (ROG NT), a wholly owned subsidiary of the ASX listed Red Sky Energy Limited (Red Sky), into the Broadacre Joint Ventures and, for some time, PXA refused or failed to execute these documents. As a result, the matter was referred to arbitration for determination. ROG by its ASX announcement dated 17 December 2009, advised that ROG NT had reached "further agreement" with PXA (the details of which are as yet unknown to the Company). This "further agreement" apparently resulted in PXA executing the required ancillary documents with an agreed date of execution of 30 September 2009 and ROG NT was formally admitted to the Broadacre Joint Ventures concerned.

The Company continued with the arbitration process to address issues which had arisen since the commencement of the arbitration and which the Company said had expanded the scope of the arbitration to include issues arising out of the "further agreement" referred in ROG NT's ASX announcement, together with the Company's claim for an award of costs.

The Company made an application to the Supreme Court of Western Australia for "pre-action discovery" in respect of the "further agreement" and other documents.

The arbitration and application to the Supreme Court of Western Australia for "pre-action discovery" were discontinued as part of the PXA settlement announced on 25 June 2010.

NON-AUDIT SERVICES

The Company's auditor, Stantons International, did not provide any non-audit services to the Company during the year.

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of the non-audit services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

AUDITOR'S INDEPENDENCE AND NON AUDIT SERVICES

The directors received an Independence Declaration from the auditor of Central Petroleum Limited as required under section 307C of the Corporations Act 2001 and this is set out on page 25.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which has been audited, outlines the remuneration arrangements in place for directors and executives of the Company. For the purposes of this report key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and includes directors and executives in the Company receiving the highest remuneration.

KEY MANAGEMENT PERSONNEL

The key management personnel for the Group during the year were:

Directors

Dr Henry Askin	Non-Executive Chairman
Mr John Heugh	Managing Director
Mr Richard Faull	Non-Executive Director
Mr William Dunmore	Non-Executive Director

Executives

Mr Tim Green	Drilling, Operations and Production Manager	
Mr Stewart Bayford	Exploration Manager	
Mr Julian Tambyrajah	Chief Financial Officer and Company Secretary	Resigned 10 July 2009
Mr Bruce Elsholz	Chief Financial Officer and Company Secretary	Appointed 31 August 2009
Mr Daniel White	Group General Counsel and Company Secretary	Appointed 30 November 2009 (as Company Secretary on 9 December 2009)

REMUNERATION POLICY

The remuneration policy of the Company is to pay its directors and executives amounts in line with employment market conditions relevant to the oil exploration industry.

The performance of the Company depends upon the quality of its directors and executives and the Company strives to attract, motivate and retain highly qualified and skilled management.

The remuneration of directors and executives consists of the following key elements:

- (i) Annual Salary (Executives and Managing Director only);
- (ii) Directors Fees (Directors only);
- (iii) Participation in the Incentive Option Scheme;
- (iv) Payment of superannuation benefits in line with Australian regulatory guidelines; and
- (v) Participation in performance-based bonuses over and above salary arrangements where applicable and in line with defined key performance indicators.

DETAILS OF REMUNERATION

Details of the remuneration of the directors and the key management personnel of Central Petroleum Ltd and the Consolidated Entity are set out in the following tables.

Table 1: Remuneration of Directors and Highest Paid Executives

		SHORT-TERM		POST-EMPLOYMENT		SHARE-BASED PAYMENTS		
		Salary/ fees $	Non-monetary benefits $	Superannuation contributions $	Retirement Benefits $	Options $	Total $	Value of options as proportion of remuneration %
Directors								
Henry Askin	2010	70.000	2,094	6,300	-	-	78,394	0%
	2009	70,000	1,850	6,300	-	111,855	190,005	59%
John Heugh	2010	369,538	2,094	32,538	-	-	404,170	0%
	2009	412,459	1,850	32,798	-	111,855	558,962	20%
Richard Faull	2010	50,000	2,094	4,500	-	-	56,594	0%
	2009	50,000	1,850	4,500	-	55,928	112,278	50%
William Dunmore	2010	63,603	2,093	-	-	-	65,696	0%
	2009	63,673	1,850	-	-	55,928	121,451	46%
Sub-total	2010	553,141	8,375	43,338	-	-	604,854	0%
	2009	596,132	7,400	43,598	-	335,566	982,696	34%
Other Key Management Personnel								
Tim Green[1]	2010	245,541	2,093	22,500	-	63,591	333,725	19%
	2009	34,655	1,849	3,145	-	47,947	87,596	55%
Stewart Bayford[2]	2010	270,445	2,094	22,500	-	63,109	358,148	18%
	2009	22,580	1,849	1,875	-	47,740	74,044	64%
Julian Tambyrajah[3]	2010	37,268	-	3,323	-	-	40,591	N/A
	2009	115,271	1,850	10,073	-	55,016	182,210	30%
Bruce Elsholz[4]	2010	151,438	2,094	12,835	-	33,892	200,259	17%
	2009	-	-	-	-	-	-	-
Daniel White[5]	2010	176,070	2,094	14,533	-	47,936	240,633	20%
	2009	-	-	-	-	-	-	-
Bernard Crawford[6]	2010	-	-	-	-	-	-	-
	2009	87,716	1,850	3,844	-	21,628	115,038	19%
Mark Di Silvo[7]	2010	-	-	-	-	-	-	-
	2009	16,322	1,850	2,019	-	(41,661)	(21,470)	N/A
Randy Frazier[8]	2010	-	-	-	-	-	-	-
	2009	141,156	1,850	13,618	-	(20,244)	136,380	N/A
Sub-total	2010	880,762	8,375	75,691	-	208,528	1,173,356	18%
	2009	417,700	11,098	34,574	-	110,426	573,798	19%
Total Remuneration	**2010**	**1,433,903**	**16,750**	**119,029**	**-**	**208,528**	**1,778,210**	**12%**
	2009	**1,013,832**	**18,498**	**78,172**	**-**	**445,992**	**1,556,494**	**29%**

[1] *Appointed 11 May 2009.*
[2] *Appointed 1 June 2009.*
[3] *Appointed 17 November 2008; resigned 10 July 2009.*
[4] *Appointed 31 August 2009.*
[5] *Appointed 30 November 2009.*
[6] *Appointed 18 August 2008; resigned 6 November 2008.*
[7] *Appointed 25 September 2007; resigned 15 August 2008.*
[8] *Appointed 29 January 2008; resigned 11 January 2009.*

The fair values of options granted were calculated at the dates of grant using a Black-Scholes valuation model. The values are allocated to each reporting period evenly over the period from grant date to vesting date. The values disclosed for 2010 are the portions of the fair values applicable to and recognised in this reporting period.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant date	*Expiry date*	*Fair value per option*	*Exercise price*	*Price of shares on grant date*	*Estimated volatility*	*Risk free interest rate*	*Dividend yield*
1 Jun 10	31 May 15	$0.026	$0.122	$0.07	49.3%	4.5%	0%

Table 2: Compensation Options – Granted and Vested during the year

	Year	Number of options granted	Grant date	Average fair value at grant date	Average exercise price per option	Expiry date	Number of options vested	Proportion of options vested %
Directors								
Henry Askin	2010	-	-	-	-	-	-	-
	2009	2,500,000	8 Jun 09	$0.045	$0.288	31 Mar 14	2,500,000	100%
John Heugh	2010	-	-	-	-	-	-	-
	2009	2,500,000	8 Jun 09	$0.045	$0.288	31 Mar 14	2,500,000	100%
Richard Faull	2010	-	-	-	-	-	-	-
	2009	1,250,000	8 Jun 09	$0.045	$0.288	31 Mar 14	1,250,000	100%
William Dunmore	2010	-	-	-	-	-	-	-
	2009	1,250,000	8 Jun 09	$0.045	$0.288	31 Mar 14	1,250,000	100%
Other Key Management Personnel								
Tim Green[1]	2010	-	-	-	-	-	1,600,000	66%
	2009	2,400,000	8 Jun 09	$0.055	$0.20	31 Mar 14	800,000	33%
Stewart Bayford[2]	2010	-	-	-	-	-	1,600,000	66%
	2009	2,400,000	8 Jun 09	$0.055	$0.20	31 Mar 14	800,000	33%
Julian Tambyrajah[3]	2010	-	-	-	-	-	-	-
	2009	4,000,000	*Note 7*	$0.042	$0.25	*Note 7*	1,333,332	33%
Bruce Elsholz[4]	2010	2,000,000	1 Jun 10	$0.026	$0.122	31 May 15	666,666	33%
	2009	-	-	-	-	-	-	-
Daniel White[5]	2010	3,000,000	1 June 10	$0.026	$0.122	31 May 15	1,000,000	33%
	2009	-	-	-	-	-	-	-
Bernard Crawford[6]	2010	-	-	-	-	-	-	
	2009	1,500,000	31 Aug 08	$0.045	$0.30	31 Aug 11	500,000	33%
Total compensation options	2010	**5,000,000**					**4,866,666**	**97%**
	2009	**17,800,000**	**-**	**-**	**-**	**-**	**10,933,332**	**61%**

[1] *Appointed 11 May 2009.*
[2] *Appointed 1 June 2009.*
[3] *Appointed 17 November 2008; resigned 10 July 2009.*
[4] *Appointed 31 August 2009.*
[5] *Appointed 30 November 2009.*
[6] *Appointed 18 August 2008; resigned 6 November 2008.*
[7] *2 million granted 11.12.08 expiring 17.11.11(fair value $0.029) and ; 2 million granted 8.6.09 expiring 31.3.14 (fair value $0.055)*

Table 3: Options granted as part of remuneration and shares issued on exercise of options

2010	**Value of options granted during the year ($)**	**Value of options lapsed during the year ($)**	**Remuneration consisting of options for the year (%)**
Directors			
Henry Askin	-	-	-
John Heugh	-	-	-
Richard Faull	-	-	-
William Dunmore	-	-	-
Other key management personnel			
Tim Green	-	-	-
Stewart Bayford	-	-	-
Bruce Elsholz	45,285	-	17%
Daniel White	76,852	-	20%
Julian Tambyrajah	-	(111,900)	-

No options were exercised during the year, and no shares were issued on exercise of compensation options.

DETAILS OF REMUNERATION (continued)

Table 3: Options granted as part of remuneration and shares issued on exercise of options

2009	**Value of options granted during the year ($)**	**Value of options lapsed during the year ($)**	**Remuneration consisting of options for the year (%)**
Directors			
Henry Askin	111,855	-	59%
John Heugh	111,855	-	25%
Richard Faull	55,928	-	50%
William Dunmore	55,928	-	63%
Other key management personnel			
Tim Green	131,168	-	55%
Stewart Bayford	131,168	-	66%
Julian Tambyrajah	166,916	-	30%
Bernard Crawford	66,983	(45,355)	51%
Mark Di Silvio	-	(32,266)	0%
Randy Frazier	-	(109,400)	32%

Table 4: Shareholdings of key management personnel

	Held at beginning of year	**Held at date of appointment**	**Renounceable rights issue purchase**	**Received on exercise of options**	**Net change other**	**Held at date of departure**	**Held at end of year**
Directors							
Henry Askin							
2010	2,400,000	N/A	1,200,000	-	-	N/A	3,600,000
2009	1,200,000	N/A	1,200,000	-	-	N/A	2,400,000
John Heugh							
2010	5,683,803	N/A	19,890	-	-	N/A	5,703,693
2009	5,753,803	N/A	-	-	(70,000)	N/A	5,683,803
Richard Faull							
2010	2,311,100	N/A	75,000	-	-	N/A	2,386,100
2009	1,680,001	N/A	631,099	-	-	N/A	2,311,100
William Dunmore							
2010	766,666	N/A	-	-	-	N/A	776,666
2009	666,666	N/A	300,000	-	(190,000)	N/A	776,666
Executives							
Tim Green							
2010	-	N/A	22,500	-	67,500	N/A	90,000
2009	N/A	-	-	-	-	N/A	-
Stewart Bayford							
2010	-	N/A	-	-	-	N/A	-
2009	N/A	-	-	-	-	N/A	-
Julian Tambyrajah							
2010	-	N/A	-	-	-	-	-
2009	N/A	-	-	-	-	N/A	-
Bruce Elsholz							
2010	N/A	-	-	-	-	N/A	-
2009	N/A	-	-	-	-	-	N/A
Daniel White							
2010	N/A	-	480,000	-	960,000	N/A	1,440,000
2009	N/A	-	-	-	-	-	N/A
Bernard Crawford							
2009	N/A	-	-	-	-	-	N/A
Mark Di Silvio							
2009	-	-	-	-	-	-	N/A
Randy Frazier							
2009	-	-	-	-	-	-	N/A

DETAILS OF REMUNERATION (continued)

Table 5: Option holdings of key management personnel

	Held at beginning of year	Options exercised	Granted as remuneration	Net change other	Held at end of year *
Directors					
Henry Askin					
2010	5,900,000	-	-	(560,000)	5,340,000
2009	2,800,000	-	2,500,000	600,000	5,900,000
John Heugh					
2010	12,050,000	-	-	(4,546,022)	7,503,978
2009	9,550,000	-	2,500,000	-	12,050,000
Richard Faull					
2010	5,065,550	-	-	(1,485,000)	3,580,550
2009	3,500,000	-	1,250,000	315,550	5,065,550
William Dunmore					
2010	4,000,000	-	-	(600,000)	3,400,000
2009	2,600,000	-	1,250,000	150,000	4,000,000

** All of the options had vested and were exercisable at the end of the year.*

	Held at beginning of year	Held at date of appointment	Options exercised	Granted as remuneration	Net change other	Held at date of departure	Held at end of year @
Executives							
Tim Green							
2010	2,400,000	-	-	-	-	N/A	2,400,000
2009	N/A	-	-	2,400,000	-	N/A	2,400,000
Stewart Bayford							
2010	2,400,000	-	-	-	-	N/A	2,400,000
2009	N/A	-	-	2,400,000	-	N/A	2,400,000
Julian Tambyrajah							
2010	4,000,000	-	-	-	(2,666,668)	1,333,332	N/A
2009	N/A	-	-	4,000,000	-	N/A	4,000,000
Bruce Elsholz							
2010	N/A	-	-	2,000,000	-	N/A	2,000,000
Daniel White							
2010	N/A	-	-	3,000,000	-	N/A	3,000,000
Bernard Crawford							
2009	N/A	-	-	1,500,000	(1,000,000)	500,000	N/A
Mark Di Silvio							
2009	2,000,000	N/A	-	-	(1,200,000)	800,000	N/A
Randy Frazier							
2009	3,000,000	-	-	-	(2,000,000)	1,000,000	N/A

@ The vesting profile for options held at the end of the period was as follows:

	2010			2009		
Executive	**Holding at end of year**	**Vested during the year**	**Exercisable at end of year**	**Holding at end of year**	**Vested during the year**	**Exercisable at end of year**
Tim Green	2,400,000	800,000	1,600,000	2,400,000	800,000	800,000
Stewart Bayford	2,400,000	800,000	1,600,000	2,400,000	800,000	800,000
Julian Tambyrajah	N/A	-	1,333,332	4,000,000	1,333,332	1,333,332
Bruce Elsholz	2,000,000	666,666	666,666	N/A	N/A	N/A
Daniel White	3,000,000	1,000,000	1,000,000	N/A	N/A	N/A
Bernard Crawford	N/A	-	N/A	N/A	500,000	500,000
Mark Di Silvio	N/A	-	N/A	N/A	-	800,000
Randy Frazier	N/A	-	N/A	N/A	-	1,000,000

SERVICE AGREEMENTS

The details of service agreements of the key management personnel of Central Petroleum Limited and the Consolidated Entity are as follows:

John Heugh, Managing Director:

- The term of the agreement, which was entered into in April 2005 and extended in December 2008, is for the period through until 7 March 2015;
- Mr Heugh's base salary is presently $300,000 per annum. In addition, superannuation at the statutory 9% rate is applicable, and Mr Heugh receives a director's fee of $50,000 per annum;
- The agreement provides for the provision of 3 months' notice for termination in specified circumstances or the payment of 3 months' salary in lieu of notice. In certain circumstances, the termination provisions require payment of the equivalent of seven times the annual average of the base salary for the period of three years prior to the termination of the contract. There is no entitlement to a termination payment in the event of a conviction for any major criminal offence which brings the Company or any of its Related Bodies Corporate into lasting disrepute.
- The terms of employment also require the Company to maintain an appropriate level of Directors and Officers' Liability Insurance and provide rights relating to indemnity, insurance, and access to documents.

Tim Green, Drilling, Operations and Production Manager

- The term of the agreement is 4 years, commencing 11 May 2009;
- Mr Green's base salary is presently $266,250 per annum. In addition, superannuation at the statutory 9% rate is applicable. The salary is reviewed annually.
- The Company may terminate the employment at any time in the first 6 months of employment by either giving 1 month's written notice or payment in lieu thereof. Thereafter, increasing periods of notice are required, depending on the length of service, up to a maximum of 3 months' notice or payment in lieu.

Stewart Bayford, Exploration Manager

- The term of the agreement is 4 years, commencing 1 June 2009;
- Mr Bayford's base salary is presently $262,500 per annum. In addition, superannuation at the statutory 9% rate is applicable. The salary is reviewed annually.
- The Company may terminate the employment at any time in the first 6 months of employment by either giving 1 month's written notice or payment in lieu thereof. Thereafter, increasing periods of notice are required, depending on the length of service, up to a maximum of 3 months' notice or payment in lieu.

Bruce Elsholz, Chief Financial Officer and Company Secretary

- The term of the agreement is 4 years, commencing 31 August 2009;
- Mr Elsholz's base salary is presently $198,000 per annum. In addition, superannuation at the statutory 9% rate is applicable. The salary is reviewed annually.
- The Company may terminate the employment at any time in the first 6 months of employment by either giving 1 month's written notice or payment in lieu thereof. Thereafter, increasing periods of notice are required, depending on the length of service, up to a maximum of 3 months' notice or payment in lieu.

Daniel White , Group Legal Counsel and Company Secretary

- The term of the agreement is 4 years, commencing 30 November 2009;
- Mr White's base salary is presently $302,500 per annum. In addition, superannuation at the statutory 9% rate is applicable. The salary is reviewed annually.
- The Company may terminate the employment at any time in the first 6 months of employment by either giving 1 month's written notice or payment in lieu thereof. Thereafter, increasing periods of notice are required, depending on the length of service, up to a maximum of 3 months' notice or payment in lieu.

Julian Tambyrajah, Chief Financial Officer and Company Secretary

- Mr Tambyrajah resigned on 10 July 2009.
- The term of the agreement was 4 years, commencing 17 November 2008.
- Mr Tambyrajah's base salary was $180,000 per annum. In addition, superannuation at the statutory 9% rate was applicable. The salary was to be reviewed annually.

NON EXECUTIVE DIRECTORS

The Company has engaged Dr Henry Askin, Mr Richard Faull and Mr William Dunmore whereby they are appointed as non-executive directors of the Company. The terms of appointment are subject to the Company's Constitution. The Company maintains an appropriate level of Directors and Officers' Liability Insurance and provide rights relating to indemnity, insurance, and access to documents. Dr Askin receives a non-executive director's fee of $70,000 per annum, plus superannuation benefits. Messrs Faull and Dunmore receive non-executive directors' fees of $50,000 per annum. Mr Faull also receives superannuation benefits. However, Mr Dunmore, who resides outside of Australia, does not receive superannuation benefits.

Signed in accordance with a resolution of the Directors:

John Heugh – Director, Perth 30 September, 2010

Stantons International
ABN 41 103 088 697
LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

30 September 2010

Board of Directors
Central Petroleum Limited
Suite 3, Level 4, South Shore Centre
85 South Perth Esplande
SOUTH PERTH WA 6151

Dear Directors

RE: CENTRAL PETROLEUM LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Central Petroleum Limited.

As Audit Director for the audit of the financial statements of Central Petroleum Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)

K G Lingard
Director

Introduction

- The Company is committed to the principles of good corporate governance and high ethical standards in business as articulated by the ASX Corporate Governance Council ("the ASXCGC"). The Company seeks to follow the best practice recommendations for listed companies to the extent that it is practicable.

ASX Listing Rules require listed companies to disclose the extent to which they have complied with the Recommendations. Set out below are the principal corporate governance practices of the Company. Any instances of non-compliance with the Recommendations and reasons for such variance are summarised in the table at the end of this statement.

Role of the Board of Directors

The Board of Directors guides and monitors the business and affairs of the Company on behalf of its shareholders, by whom the directors are elected and to whom they are accountable.

The Board's primary role is the protection and enhancement of long-term shareholder value. The Board is responsible for the overall corporate governance of the Company, including engaging with management in the development of strategic and business plans, preparation of annual budgets and establishment of goals for management and monitoring the achievement of those goals on a regular basis. Management will report to the Board and execute the directives of the board.

The Board is also responsible for:

- reviewing the performance of the Managing Director and senior management;
- planning the development, retention and succession of the management team;
- reviewing and ratifying systems of risk management and internal compliance, including approving and monitoring the policies and procedures relating to occupational health and safety and the environment;
- approving and monitoring financial and other reporting, including the progress of major capital expenditure and capital management;
- approving and monitoring acquisitions and divestitures; and
- preparing, implementing and monitoring policies to ensure that all major developments affecting the financial position and state of affairs of the Company and any subsidiaries are announced to the ASX in strict accordance with the Listing Rules.

The Board has also established a framework for the management of the Company, including a system of internal control and business risk management and the establishment of appropriate ethical standards. The Board conducts annual reviews of its processes to ensure that it is able to carry out its functions effectively and in an efficient manner.

Structure and composition of the Board

The Board consists of four directors - the managing director and three non–executive directors. The directors bring a broad range of relevant expertise, both nationally and internationally, to the Board. Details of their skills, experience and expertise and the period of office held by each director have been included in the Directors' Report. The number of board meetings and the attendance of the directors are set out in the Directors' Report.

The roles of Chairman and the Managing Director are not exercised by the same individual as there is a clear division of responsibility between the Chairman, Dr Askin and the Managing Director, Mr Heugh.

Independence of non-executive directors and the Chairman of the Board

The Board has assessed the independence of the non-executive directors and the Chairman.

Although Messrs Askin, Faull and Dunmore hold 3,600,000, 2,386,100 and 776,666 fully paid ordinary shares respectively, the Board considers these holdings to be immaterial, being significantly below the holdings threshold to be considered as substantial shareholders as defined by the Corporations Act.

The non-executive directors have no business or other relationship which is likely to compromise their independence. Individual directors are required to keep the board advised of any interests that could potentially create conflict with those of the Company.

Under the Constitution of the Company, the directors, other than the Managing Director, are obliged to present one third of their company for retirement and potential re-election at each annual general meeting of the Company.

In the proper performance of their duties, each director has the right to seek a reasonable level of independent professional advice on matters concerning the Company at the Company's expense, after obtaining the Chairman's approval, which will not be unreasonably withheld. Each director has the right of access to all relevant Company information and to the Company's executives.

Business risk management

The Board acknowledges that it is responsible for the overall internal control and risk management framework. Accordingly, the Board has implemented the following control framework:

Financial reporting: A comprehensive annual budget is approved by the directors. Monthly results are reported against budget and revised forecasts are prepared regularly;

Special functional reporting: The Board has identified a number of key areas which are subject to regular reporting to the board such as safety, environmental, insurance and legal matters; and

Investment appraisal: The Company has set clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements. Capital expenditure and revenue commitments above a certain size require prior board approval. Procedures exist to ensure that business transactions are properly authorised and executed.

Reporting and assurance

When considering the financial reports, the Board receives a written statement declaration in accordance with section 295A of the Corporations Act, signed by the Managing Director and Chief Financial Officer that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly, in a separate written statement the Managing Director and Chief Financial Officer also confirm to the Board that the Company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

Ethical standards

The directors acknowledge the need for, and continued maintenance of, the highest standards of ethical conduct by all directors and employees of the Company. All directors, executives and employees are required to abide by laws and regulations, to respect confidentiality and the proper handling of information and act with their highest standards of honesty, integrity, objectivity and ethics in all dealings with each other, the Company, customers, suppliers and the community.

The Board has developed a Code of Conduct reflecting its high standards and expectations. The Code of Conduct will be regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

The Code of Conduct is available on the Central Petroleum Limited website.

Continuous disclosure

The directors are committed to keeping the market fully informed of material developments to ensure compliance with the Listing Rules and the Corporations Act. At each Board meeting, specific consideration is given as to whether any matters should be disclosed under the Company's continuous disclosure policy.

The practice of senior management is to review and authorise any Company announcement to ensure that the information is factual, timely, clearly expressed and contains all material information so that investors can make appropriate assessments of the information for investment decisions.

Share Trading

The Company has adopted a Share Dealing Code for the directors and employees, which is appropriate for a company whose shares are admitted to trading on the ASX, and the Company will take all reasonable steps to ensure compliance by its directors and any relevant employees. The Share Dealing Code is summarised as follows:

- Consistent with the legal prohibitions on insider trading contained in the Corporations Act, all employees, officers and directors are prohibited from trading in the Company's securities while in possession of unpublished price sensitive information.
- Unpublished price sensitive information is information, which a reasonable person would expect to have a material affect on the price or value of the Company's securities. Examples may include:
    - the financial results of the Company and any of its subsidiaries;
    - projections of future earnings or losses;
    - changes in senior management; and
    - results of drilling and or production testing.

It should be noted that either positive or negative information may be material.

An employee, officer or director, whilst in possession of unpublished price sensitive information, is subject to three restrictions:

- they must not deal in securities affected by information;
- they must not cause or procure anyone else to deal in those securities; and
- they must not communicate the information to any person if they know or ought to know that the other person will use the information, directly in directly, for dealings in securities.

Employees, officers, and directors are required to advise the Company Secretary of their intentions prior to undertaking any transaction in the Company's securities. If an employee, officer or director is considered to possess unpublished price sensitive information, they will be precluded from making a security transaction until one trading day after the time of public release of that information.

Conflict of Interest

Directors and Senior Management are required to advise the Chairman of any existing or potential conflict of interest. When necessary, the Chairman will refer the matter to the board for determination.

Related party matters

Directors and senior management are required to advise the Chairman of any related party contract or potential contract. The Chairman will inform the board and the reporting party will be required to remove himself/herself from all discussions and decisions involving the matter. Prior board approval will be required for all proposed contracts.

Shareholder relations

The directors aim to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Company.

Information on all major developments affecting the Company is available to shareholders through:

- the Company's annual report;
- quarterly and half yearly reports;
- the annual general meeting of the Company and other meetings called to obtain approval for board actions as appropriate. All shareholders who are unable to attend these meetings will be encouraged to communicate issues or ask questions by writing or emailing to the Company; and
- mandatory ASX announcements on the Company website.

The Company will take advantage of technology, such as the Company website, to provide greater opportunities for effective communication with shareholders and to encourage participation at meetings. The intended practice of the Company is to place on the website all company announcements and related information, such as financial statements and pubic presentations.

Committees

The Board has not established any committees. The Board considers that the management method used is cost effective and practical and matters are reviewed and approved by the Board as a whole.

On matters of audit and remuneration, the Board has policies that were established to protect the integrity of the Company's financial reporting and to review the remuneration policies and practices of the Company to ensure that it remunerates fairly and responsibly.

The audit policy of the Board includes the requirement to:

- oversee the effectiveness of the Company's accounting and financial policies and controls;
- oversee the independence of the external auditors; and
- make recommendations to the Board on the appointment of external auditors and reviewing the performance of the external auditors. The independent external auditor reports directly to the Board and is required to attend the annual general meeting of the members of the Company to answer shareholder questions about the audit and the preparation and content of the audit reports.

The remuneration policy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated directors and employees. The policy is designed for:

- decisions in relation to executive and non-executive remuneration policy;
- decisions in relation to remuneration packages for executive directors and senior management;
- decisions in relation to merit recognition arrangements and termination arrangements; and
- ensuring that any equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders.

Non-executive directors' remuneration policy

The structure of non-executive directors' remuneration is distinguished from that of executives. Remuneration for non-executive directors is fixed. Total remuneration for all non-executive directors, as approved by shareholders, is not to exceed $500,000 per annum. Neither the non-executive directors nor the executives of the Company receive any retirement benefits, other than superannuation.

Executive directors' remuneration policy

Executive directors are employed pursuant to employment agreements. A summary of the Managing Director's employment agreement is set out in the Remuneration Report.

Compliance with the Recommendations

The Board has reviewed its current practices in light of the revised Recommendations with a view to making amendments where applicable after considering the Company's size and the resources it has available. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the Company's present position with regard to the adoption of these revised Recommendations. As noted above, it is expected the Company will reassess the revised Recommendations in the near future.

Requirement		Comply	Explanation/ Reference
Principle 1. Lay solid foundations for management and oversight			
Rec 1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose the functions.	No	The Company has not formalised the functions reserved to the Board and those delegated to management. However, the responsibilities of the Board are set out earlier in this Statement.

Requirement		Comply	Explanation/ Reference
Rec 1.2	Companies should disclose the process for evaluating the performance of senior executives.	No	The Company has a ten key performance indicator (KPI) evaluation process administered by the Managing Director for evaluating the performance of senior executives.
Rec 1.3	Companies should provide the information indicated in the Guide to reporting to Principle 1.	Yes	Refer above.
Principle 2. Structure the board to add value			
Rec 2.1	A majority of the board should be independent directors.	Yes	The Company utilises the Corporations Act threshold of a maximum 5% shareholding for determining independence. The Board monitors the independence of each board member on a regular ongoing basis.
Rec 2.2	The chair should be an independent director.	Yes	Refer above.
Rec 2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	Refer above.
Rec 2.4	The board should establish a nomination committee.	No	The Company currently does not have a nomination committee. Because of the Company's size, the Board believes that such a formal committee would contribute little to its effective management. Nomination matters are reviewed and approved by the Board as a whole.
Rec 2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	No	The Company has not disclosed the process for evaluating the performance of the Board, its committees and individual directors. The full Board is responsible for this function. However, because of the size and structure of the Board a formal performance evaluation process is not conducted.
Rec 2.6	Companies should provide the information indicated in Guide to reporting on Principle 2.	Yes	Refer above.
Principle 3. Promote ethical and responsible decision-making			
Rec 3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: ▪ the practices necessary to maintain confidence in the company's integrity; ▪ the practices necessary to take account of their legal obligations and reasonable expectations of their stakeholders; and ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Refer above and the Company's website.
Rec 3.2	Companies should establish a policy concerning trading in Company securities by directors, officers and employees and disclose the policy or a summary of that policy.	Yes	Refer above.
Rec 3.3	Companies should provide the information indicated in Guide to reporting on Principle 3.	Yes	Refer above and the Company's website.

Requirement		Comply	Explanation/ Reference
Principle 4. Safeguard integrity in financial reporting			
Rec 4.1	The board should establish an audit committee.	No	The Company currently does not have an audit committee. Because of the Company's size, the Board believes that an audit committee would contribute little to its effective management. Audit matters are reviewed and approved by the Board as a whole. Disclosure of the Company's audit policy is set out above.
Rec 4.2	The audit committee should be structured so that it: ▪ consists only of non-executive directors; ▪ consists of a majority of independent directors; ▪ is chaired by an independent chair who is not the chair of the board; and ▪ has at least three members.	No	Refer Recommendation 4.1 above.
Rec 4.3	The audit committee should have a formal charter.	No	There is currently no formal charter. The Board does however review the performance of its external auditor against various criteria. Refer Recommendation 4.1 above.
Rec 4.4	Companies should provide the information indicated in Guide to reporting on Principle 4.	Yes	Refer above.
Principle 5. Make timely and balanced disclosure			
Rec 5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	No	The Company has established a practice of evaluating continuous disclosure issues as a part of each formal board meeting. The Board is acutely aware of the continuous disclosure regime and believes there are strong informal systems in place to ensure compliance. Disclosure of the Company's approach to continuous disclosure is set out above.
Rec 5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5.	Yes	Refer above.
Principle 6. Respect the rights of shareholders			
Rec 6.1	Companies should design a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy.	Yes	The Company has not established a formal, written shareholder communications policy. However, disclosure of the Company's approach to shareholder relations is set out above.
Rec 6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	Refer above.

	Requirement	Comply	Explanation/ Reference
Principle 7. Recognise and manage risk			
Rec 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	No	The Company has not established a formal, written risk management policy. Disclosure of the Company's approach to risk management is set out above.
Rec 7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	No	The Company has not established a formal, written risk management and internal control system. Disclosure of the Company's approach to risk management and internal control is set out above.
Rec 7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Refer above.
Rec 7.4	Companies should provide the information indicated in Guide to Reporting on Principle 7.	Yes	Refer above.
Principle 8. Remunerate fairly and responsibly			
Rec 8.1	The board should establish a remuneration committee.	No	The Company currently does not have a remuneration committee. Because of the Company's size, the Board believes that a remuneration committee would contribute little to its effective management. Remuneration matters are reviewed and approved by the Board as a whole. Disclosure of the Company's remuneration policy is set out above.
Rec 8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Refer above.
Rec 8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	Refer above.

Proposed Changes to the Corporate Governance Principles
(The date of commencement of operation of the amendments applies to listed entities with an annual reporting period beginning on or after 1 January 2011).

The Company is reviewing the proposed changes and is taking independent professional advice to assist with the implementation of suitable processes and policies given the nature and size of the Company.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Continuing Operations			
Revenue	2	1,191,578	734,655
Share based employment benefits		(327,027)	(596,762)
Administrative expenses		(2,950,254)	(1,362,316)
Borrowing Costs		(58,663)	(57,184)
Consultancy fees		(351,824)	(117,058)
Depreciation & Write Offs		(242,279)	(98,591)
Employee benefits		(1,210,445)	(1,742,012)
Exploration expenditure		(8,904,024)	(10,001,380)
Insurance expense		(21,028)	(68,708)
Legal fees		(493,773)	(270,248)
Travel and accommodation		(121,950)	(141,741)
Foreign currency gains / (losses)		(18,206)	69,865
Recovery of operating costs		1,698,168	882,015
Loss before income tax	3	(11,809,727)	(12,769,465)
Income tax expense	4	-	-
Loss for the year from continuing operations		(11,809,727)	(12,769,465)
Other comprehensive income:			
		-	-
Total comprehensive income/(loss) for the year		(11,809,727)	(12,769,465)
Total comprehensive income/(loss) attributable to members of the parent entity	16	**(11,809,727)**	**(12,769,465)**
Basic and diluted loss per share			
Ordinary shares (cents)	17	(3.49)	(4.82)

The accompanying notes form part of these financial statements.

CENTRAL PETROLEUM LIMITED
ABN 72 083 254 308

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
CURRENT ASSETS			
Cash and cash equivalents	6	37,529,579	35,930,650
Trade and other receivables	7	11,814,587	1,133,388
Inventories	8	968,376	565,168
TOTAL CURRENT ASSETS		**50,312,542**	**37,629,206**
NON-CURRENT ASSETS			
Property, plant and equipment	9	593,232	389,580
Exploration assets	10	10,237,492	10,168,783
Other financial assets	11	3,428,923	376,150
TOTAL NON-CURRENT ASSETS		**14,259,647**	**10,934,513**
TOTAL ASSETS		**64,572,189**	**48,563,719**
CURRENT LIABILITIES			
Trade and other payables	12	7,833,511	4,790,367
Provisions	13	225,729	301,944
TOTAL CURRENT LIABILITIES		**8,059,240**	**5,092,311**
TOTAL LIABILITIES		**8,059,240**	**5,092,311**
NET ASSETS		**56,512,949**	**43,471,408**
EQUITY			
Issued capital	14	93,209,470	68,685,229
Reserves	15	6,763,432	6,436,405
Accumulated losses	16	(43,459,953)	(31,650,226)
TOTAL EQUITY		**56,512,949**	**43,471,408**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

Consolidated	Issued Capital & shares to be issued $	Reserves $	Accumulated Losses $	Total $
Total equity at 1 July 2008	**39,234,061**	**5,839,643**	**(18,880,761)**	**26,192,943**
Total comprehensive loss for the year	-	-	(12,769,465)	(12,769,465)
Transactions with owners in their capacity as owners				
Share based payments	-	596,762	-	596,762
Share and option issues	31,428,929	-	-	31,428,929
Share issue costs	(1,977,761)	-	-	(1,977,761)
Total equity at 30 June 2009	**68,685,229**	**6,436,405**	**(31,650,226)**	**43,471,408**
Total comprehensive loss for the year	-	-	(11,809,727)	(11,809,727)
Transactions with owners in their capacity as owners				
Share based payments	-	327,027	-	327,027
Share and option issues	22,661,370	-	-	22,661,370
Conversion of convertible bonds	4,000,000	-	-	4,000,000
Share issue costs	(2,137,129)	-	-	(2,137,129)
Total equity at 30 June 2010	**93,209,470**	**6,763,432**	**(43,459,953)**	**56,512,949**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities			
Interest		1,010,953	588,664
Payments to suppliers and employees		(20,614,584)	(10,227,538)
Net cash (outflow) from operating activities	21 (a)	(19,603,631)	(9,638,874)
Cash flows from investing activities			
Purchase of plant and equipment		(444,278)	(295,499)
Proceeds from sale of plant and equipment		-	510
Long Term Investments & Bonds		(2,877,403)	1,000,000
Net cash inflow/(outflow) from investing activities		(3,321,681)	705,011
Cash flows from financing activities			
Proceeds from issue of shares and options		26,661,370	31,428,929
Share issue and listing costs		(2,137,129)	(1,977,761)
Net cash inflow from financing activities		24,524,241	29,451,168
Net increase in cash and cash equivalents held		**1,598,929**	**20,517,305**
Cash and cash equivalents at the beginning of the financial year		**35,930,650**	**15,413,345**
Cash and cash equivalents at the end of the financial year	**6**	**37,529,579**	**35,930,650**

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report of Central Petroleum Limited and its controlled entities ("the Consolidated Entity") is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and has also been prepared on an accrual basis and is based on historical costs.

Separate financial statements for Central Petroleum Limited as an individual entity is no longer required as the consequence of a change in the Corporations Act 2001, however, required financial information for Central Petroleum Limited as an individual entity is disclosed in Note 19.

The financial report is presented in Australian dollars.

The financial report of the Consolidated Entity for the financial year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 30 September 2010.

Central Petroleum Limited is a company limited by shares, incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange.

Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker, being the Board of Directors, to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

The Consolidated Entity concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously indentified. The Consolidated Entity has one operating segment, which is the exploration for hydrocarbons, helium and coal/coal seam gas. This activity is carried out from the Consolidated Entity's principal business office in Perth, Western Australia, and currently in one geographical segment, being Australia, principally in the Northern Territory.

Statement of compliance

The consolidated financial report of the Consolidated Entity complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS), in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

New accounting standards and interpretations

Since 1 January 2009 the Group adopted the following new and amended Australian Accounting Standards and AASB Interpretations. Adoption of these Standards and Interpretations did not have a material effect on the financial position or performance of the Consolidated Entity.

These are outlined below:

AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations* effective 1 January 2009;

AASB 7 *Financial Instruments: Disclosures* effective 1 January 2009;

AASB 8 *Operating Segments* effective 1 January 2009;

AASB 101 *Presentation of Financial Statements (revised 2007)* effective 1 January 2009;

AASB 123 *Borrowing Costs (revised 2007)* effective 1 January 2009;

AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payment: Vesting Conditions and Cancellations [AASB 2]* effective 1 January 2009;

AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* effective 1 January 2009;

AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary;*

AASB 3 *Business Combinations (revised 2008)* effective 1 July 2009;

AASB 127 *Consolidated and Separate Financial Statements (revised 2008)* effective 1 July 2009;

AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* effective 1 July 2009

The following additional Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the consolidated entity for the year ended 30 June 2010. These are outlined in the table below.

Reference	Title	Application date of standard *	Application date for Consolidated Entity
AASB 9	Financial Instruments	1 January 2013	1 July 2013
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107 118, 136 & 139]	1 January 2010	1 July 2010
AASB 2009-8	Amendment to Australian Accounting Standards – Group Cash Settled Share –based Payment Transactions [AASB 2]	1 January 2010	1 July 2010
AASB 2009-9	Amendments to IFRS 1 *First Time Adoption of International Financial Reporting Standards*	1 January 2010	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards Classification of Rights Issues [AASB 132]	1 February 2010	1 July 2010
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	1 January 2013	1 July 2013
AASB 2009-12	Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	1 January 2011	1 July 2011
AASB 2009-13	Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	1 July 2010	1 July 2010
AASB 2009-14	Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement	1 January 2011	1 July 2011
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	1 July 2010

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

(a) **Principles of consolidation**

The financial statements of the Consolidated Entity comprise the financial statements of Central Petroleum Limited and its subsidiaries as at and for the year ended 30 June each year. Where an entity either began or ceased to be controlled during the financial year, the financial performance of that entity is included only from the date control commenced or up to the date control ceased. The balances and effects of transactions between controlled entities included in the consolidated financial report have been eliminated.

Joint Ventures

Jointly controlled assets

The proportionate interests in the assets and expenses of joint venture activities have been incorporated in the financial statements under the appropriate headings. Expenditure incurred on behalf of joint venture partners that remains outstanding at the balance sheet date is recorded as a liability of the Group and a corresponding debtor is recognised within other receivables.

Jointly controlled entities

The proportionate interests in the assets, liabilities, income and expenses of joint venture entities are incorporated in the financial statements under the appropriate headings. Transactions and balances between the Group and jointly controlled entities are eliminated to the extent of the Group's proportionate interests.

(b) **Property, plant and equipment**

Each class of property, plant and equipment is carried at fair value less any applicable accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation of plant and equipment is calculated on a reducing balance basis so as to write off the net costs of each asset over the expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

The expected useful life for each class of depreciable assets is:

Class of Fixed Asset	***Expected useful life***
Leasehold Improvements	2 – 6 years
Plant and Equipment	2 – 10 years

(c) **Impairment of assets**

At each reporting date, the Consolidated Entity reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of an asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(d) **Leases**

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the period in which they are incurred.

(e) **Exploration expenditure**

Exploration and evaluation costs are expensed as incurred. Acquisition costs are accumulated in respect of each separate area of interest. Acquisition costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(f) **Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax Consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group with effect from 30 June 2007. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated Group is Central Petroleum Limited.

(g) **Trade and other receivables**

Receivables are recognised and carried at the original amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence the Consolidated Entity will not collect the debts. Bad debts are written off when identified.

(h) **Trade and other payables**

Liabilities for trade and other amounts are carried at cost which is fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity.

(i) **Inventories**

Inventories comprise raw materials and finished goods and are valued at the lower of cost and net realisable value. Costs are allocated on a first in first out basis or weighted average cost basis.

(j) **Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(k) **Share-based payments**

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for options ("equity-settled transactions"). The Company has also issued options to suppliers in prior years. The cost of these equity settled transactions with employees and suppliers is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuation using the Black-Scholes model. In valuing equity-settled transactions as they relate to employees, no account has been taken of any performance conditions, other than conditions linked to the price of shares of Central Petroleum Limited if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting period").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

(l) **Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding overdrafts.

(m) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(n) **Revenue recognition**

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(o) **Critical accounting judgements and key sources of estimate uncertainty**

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions regarding carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Key judgements in applying the entity's accounting policies

(i) Rehabilitation

The Group recognises any obligations for removal and restoration that are incurred during a particular period as a consequence of having undertaken exploration and evaluation activity. The Group has made a provision for future restoration expenditure relating to work previously undertaken based on management's estimation of the work required.

(ii) Share-based payments

The Group is required to use assumptions in respect of their fair value models, and the variable elements in these models, used in determining share based payments. The directors have used the Black-Scholes model to evaluate options, which requires estimates and judgements to quantify the inputs.

(iii) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the lease itself or, if not, whether it successfully recovers the related exploration and evaluation expenditure through sale. Factors that impact recoverability may include (but are not limited to) the level of resources and reserves, the cost of production, legal changes and commodity price changes.

Acquisition expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that the capitalised acquisition expenditure is determined not to be recoverable in future, profits and net assets will be reduced in the period in which this determination is made.

(iv) Provision for intercompany receivables

The Company provides loans to its subsidiaries in order for them to fund their exploration activities. In assessing the recoverability of these intercompany receivables, management has determined that the ability of the subsidiaries to repay these loans is dependent on the success of exploration activities. Given the inherently high risk nature of mineral exploration, there is not certainty that sufficient income will be generated by these projects to repay the amounts due to the parent company. As a result, all intercompany receivables have been provided for in full at balance date.

	Consolidated 2010 $	Consolidated 2009 $
2. REVENUE		
Interest	1,010,953	565,298
Other	180,625	169,357
Total revenue	**1,191,578**	**734,655**

	Consolidated 2010 $	Consolidated 2009 $

3. LOSS BEFORE INCOME TAX

Loss before income tax has been determined after:-

	2010 $	2009 $
Personnel expenses		
Wages and salaries	1,098,888	1,465,923
Superannuation	103,555	135,572
Other associated on-costs	8,002	140,517
Share-based payments	327,027	596,762
Total personnel expenses	**1,537,472**	**2,338,774**
Other expenses		
Depreciation expense	242,279	98,591
Exploration expenditure written off	8,904,024	10,001,380

4. INCOME TAX

The Consolidated Entity is in a tax loss position and is not yet in a situation whereby it can satisfy AASB112 for the recognition of its tax losses. Accordingly, no current or deferred income tax benefits have yet been brought to account.

	2010 $	2009 $
Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	**-**
Numerical reconciliation of income tax expense and prima facie tax benefit		
Loss from ordinary activities before income tax expense	(11,809,727)	(12,769,465)
Prima facie tax benefit at 30%	3,542,918	3,830,840
Non-deductible items	(2,760)	(43,337)
Share based payments	(98,108)	(179,029)
Provisions	(714,675)	(140,175)
Capital raising costs	235,009	(293,911)
Capitalised exploration expenditure	(365,126)	(142,500)
Benefit of tax loss not recognised	(2,597,258)	(3,031,888)
Income tax expense	**-**	**-**
Deferred tax assets		
Provisions	958,477	174,760
Capital raising costs	1,166,213	760,002
Undeducted losses	10,583,250	7,937,538
Deferred tax assets not recognised	12,707,940	8,872,300
Deferred tax liabilities		
Capitalised exploration expenditure	3,071,248	-
Net deferred tax assets not recognised	**9,636,692**	**8,872,300**

	Consolidated 2010 $	Consolidated 2009 $
5. AUDITOR'S REMUNERATION		
Audit fees – current year	100,546	60,620
Under provided – prior year	40,095	-
Joint Venture Audits - 2009 and 2010	53,500	-
Total Audit	194,141	60,620
Tax compliance services	-	13,228
	194,141	**73,848**

6. CASH AND CASH EQUIVALENTS

	2010 $	2009 $
Cash at bank	37,529,579	34,849,520
Cash on short term deposit	-	1,081,130
	37,529,579	**35,930,650**

7. TRADE AND OTHER RECEIVABLES

Current

	2010 $	2009 $
Other receivables	13,408	104,043
GST input tax credits	2,409,870	340,468
Prepayments	76,426	43,943
Receivables due from joint ventures	9,314,883	644,934
	11,814,587	**1,133,388**

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 24.

8. INVENTORIES

	2010 $	2009 $
Drilling materials and supplies	**968,376**	**565,168**

9. PROPERTY, PLANT AND EQUIPMENT

	2010 $	2009 $
Plant and equipment, at cost	992,465	548,187
Less: Accumulated depreciation	(403,775)	(165,261)
	588,690	**382,926**
Leasehold improvements, at cost	12,671	93,194
Less: Accumulated amortisation	(8,129)	(86,540)
	4,542	**6,654**
Total carrying value	**593,232**	**389,580**

	Consolidated 2010 $	Consolidated 2009 $
9. PROPERTY, PLANT AND EQUIPMENT (continued)		
Reconciliation		
Plant and equipment		
Carrying amount at beginning of the year	382,926	166,031
Additions	445,293	293,455
Disposals	-	(510)
Depreciation	(239,529)	(76,050)
Carrying amount at end of the year	**588,690**	**382,926**
Leasehold improvements		
Carrying amount at beginning of the year	6,654	27,151
Additions / (Disposals)	638	2,044
Amortisation	(2,750)	(22,541)
Carrying amount at end of the year	**4,542**	**6,654**

10. EXPLORATION ASSETS

	2010 $	2009 $
Excess of fair value of tenements in controlled entities over the carrying value	**10,237,492**	**10,168,783**
Movements for the year:		
Balance at the beginning of the year	10,168,783	10,263,783
Expenditure incurred during the year	68,709	-
Impairment	-	(95,000)
Balance at the end of the year	10,237,492	10,168,783

11. OTHER FINANCIAL ASSETS

	2010 $	2009 $
Security bonds on exploration permits	**3,428,923**	**376,150**

12. TRADE AND OTHER PAYABLES

	2010 $	2009 $
Trade payables	8,399,750	1,330,676
Joint venture partner contributions payable	(1,204,796)	3,292,149
Tax liabilities and superannuation	638,557	167,542
	7,833,511	**4,790,367**

Trade payables are usually non-interest bearing provided payment is made within the terms of credit. The Group's exposure to liquidity and currency risks related to trade and other payables is disclosed in Note 24.

13. PROVISIONS

	2010 $	2009 $
Employee entitlements	225,729	151,944
Site rehabilitation	-	150,000
	225,729	**301,944**

	Consolidated 2010 $	Consolidated 2009 $
14. ISSUED CAPITAL		
907,289,333 [2009:564,244,921] fully paid ordinary shares	**93,209,470**	**68,685,229**

The following movements in issued capital occurred during the year:

	Number of shares 2010	Number of shares 2009	2010 $	2009 $
Balance at beginning of year	564,244,921	252,308,265	68,685,229	39,234,061
July 2008 placement of shortfall	-	200,000	-	30,000
September 2008 placement of shortfall	-	4,505,261	-	675,789
June 2009 rights issue	-	257,013,526	-	25,701,353
June 2009 placement	-	50,217,869	-	5,021,787
Exercise of listed share options at 16 cents per share	154,956	-	24,793	-
Conversion of bonds	41,068,172	-	4,000,000	-
May 2010 rights issue at 7.5 cents per share	301,821,284	-	22,636,577	-
Capital raising costs	-	-	(2,137,129)	(1,977,761)
Balance at end of year	**907,289,333**	**564,244,921**	**93,209,470**	**68,685,229**

Options

Options granted during the year

The following options over unissued ordinary shares were granted by the Company during the year.

Date of Issue	Class	Expiry Date	Exercise Price	Number of Options
5 May 2010	Listed options (CTPO)	31 Mar 2014	$0.16	120,856,222
1 Jun 2010	Unlisted Employee Options	31 May 2015	$0.122	6,340,000

Options exercised during the year

The following options over unissued ordinary shares were exercised during the year:

Class	Expiry Date	Exercise Price	Number of Options
Listed options (CTPO)	31 Mar 2014	$0.16	151,960
Unlisted Options	Various	Various	0

Options lapsed during the year

The following options over unissued ordinary shares lapsed during the year:

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Employee Options	31 Jan 2010	$0.25	300,000
Unlisted Options	31 May 2010	$0.20	21,250,000
Listed options (CTPOA)	30 June 2010	$0.25	95,947,703

14. ISSUED CAPITAL (cont'd)

Unissued shares under option

At balance date, unissued ordinary shares of the Company under option are:

Class	Expiry Date	Exercise Price	Number of Options
Listed options (CTPO)	31 Mar 2014	$0.16	274,320,024
Unlisted Employee Options	30 Nov 2010	$0.30	1,800,000
Unlisted Employee Options	20 Feb 2011	$0.20	7,000,000
Unlisted Employee Options	31 Mar 2011	$0.30	1,450,000
Unlisted Employee Options	31 Jul 2011	$0.33	200,000
Unlisted Employee Options	31 Aug 2011	$0.30	500,000
Unlisted Employee Options	17 Nov 2011	$0.25	666,666
Unlisted Employee Options	19 Jan 2012	$0.25	1,000,000
Unlisted Employee Options	16 Feb 2012	$0.25	250,000
Unlisted Employee Options	23 Feb 2012	$0.25	200,000
Unlisted Employee Options	31 Mar 2014	$0.20	8,366,666
Unlisted Employee Options	31 May 2015	$0.122	6,340,000
Unlisted Director Options	3 Jan 2012	various	11,000,000
Unlisted Director Options	31 Mar 2014	various	7,500,000

None of the options entitle holders to participate in any share issue of the Company or any other entity.

	Consolidated 2010 $	Consolidated 2009 $
15. RESERVES		
Share options reserve	**6,763,432**	**6,436,405**
The following movements in the share option reserve occurred during the year.		
Balance at beginning of year	6,436,405	5,839,643
Share based payments	327,027	596,762
Balance at the end of the year	**6,763,432**	**6,436,405**

This reserve is used to record the value of share based payments provided to employees and directors as part of their remuneration. Refer to Note 23 for further details of share based payments.

	Consolidated 2010 $	Consolidated 2009 $
16. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial year	(31,650,226)	(18,880,761)
Net loss for the financial year	(11,809,727)	(12,769,465)
Accumulated losses at the end of the financial year	**(43,459,953)**	**(31,650,226)**

17. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share at 30 June 2010 was based on the following:

	Consolidated 2010 $	Consolidated 2009 $
Loss attributable to ordinary shareholders		
Net loss for the year	(11,809,727)	(12,769,465)
	Number 2010	**Number 2009**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used as the denominator in the calculation of basic loss per share	338,476,501	265,061,154

Diluted earnings per share must be calculated where potential ordinary shares on issue are dilutive. As the potential ordinary shares on issue would decrease the loss per share in the current period, they are not considered dilutive, and not shown. The number of potential ordinary shares is set out in Note 14.

18. SEGMENT REPORTING

The operations of the Consolidated Entity involve a single industry segment being that of exploration for hydrocarbons, helium and coal/coal seam gas in Australia.

19. PARENT ENTITY INFORMATION

	Parent Entity 2010 $	Parent Entity 2009 $
Current assets	24,515,465	36,242,354
Non-current assets	13,788,010	10,533,584
Total Assets	38,303,475	46,775,938
Current Liabilities	(7,454,137)	(1,980,746)
Total Liabilities	(7,454,137)	(1,980,746)
Net Assets	30,849,338	44,795,192
Issued Capital	93,209,470	68,685,229
Reserves	6,763,432	6,436,405
Accumulated Losses	(69,123,564)	(30,326,442)
Total Equity	30,849,338	44,795,192
Profit (Loss) of the Parent Entity	(38,797,122)	(10,225,385)
Total comprehensive profit (loss) of the Parent Entity	(38,797,122)	(10,225,385)

The Parent Company had no commitments or contingencies at 30 June 2010, other than operating lease commitments which are set out in Note 22(b).

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20. RELATED PARTY DISCLOSURES

Subsidiaries

The consolidated financial statements include the financial statements of Central Petroleum Limited and the subsidiaries listed in the following table.

	Place of Incorporation	Equity Interest 2010 %	Equity Interest 2009 %
Parent Entity			
Central Petroleum Limited	Western Australia	-	-
Controlled Entities			
Merlin Energy Pty Ltd	Western Australia	100	100
Merlin West Pty Ltd	Western Australia	100	100
Helium Australia Pty Ltd	Victoria	100	100
Ordiv Petroleum Pty Ltd	Western Australia	100	100
Frontier Oil & Gas Pty Ltd	Western Australia	100	100
Central Green Pty Ltd	Western Australia	100	100
Central Geothermal Pty Ltd	Western Australia	100	100
Merlin Coal Pty Ltd	Western Australia	100	100
Central Petroleum Services Pty Ltd	Western Australia	100	-

Details of key management personnel

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Directors

Dr Henry Askin	Non-Executive Chairman
Mr John Heugh	Managing Director
Mr Richard Faull	Non-Executive Director
Mr William Dunmore	Non-Executive Director

Executives

Mr Tim Green	Drilling, Operations and Production Manager	
Mr Stewart Bayford	Exploration Manager	
Mr Julian Tambyrajah	Chief Financial Officer and Company Secretary	Resigned 10 July 2009
Mr Bruce Elsholz	Chief Financial Officer & Joint Company Secretary	Appointed 31 August 2009
Mr Daniel White	Group Legal Counsel & Joint Company Secretary	Appointed 30 November 2009

Key management personnel remuneration

Information regarding remuneration of individual directors and executives and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report on pages 19 to 24.

Aggregate compensation of the key management personnel was as follows:

	Consolidated 2010 $	Consolidated 2009 $
Short term benefits	1,433,903	1,013,832
Non monetary benefits	16,750	18,498
Post employment benefits	119,029	78,172
Share-based payments	208,528	445,992
	1,778,210	**1,556,494**

20. RELATED PARTY DISCLOSURES (continued)

Equity holdings - Shares

The movement during the reporting period in the number of ordinary shares in Central Petroleum Limited held, directly, indirectly or beneficially by each key management person, is as follows:

	Held at beginning of year	Held at date of appointment	Renouncable rights issue purchase	On exercise of options	Net change other	Held at date of departure	Held at end of year
Directors							
Henry Askin							
2010	2,400,000	-	1,200,000	-	-	N/A	3,600,000
2009	1,200,000	-	1,200,000	-	-	N/A	2,400,000
John Heugh							
2010	5,683,803	-	19,890	-	-	N/A	5,703,693
2009	5,753,803	-	-	-	(70,000)	N/A	5,683,803
Richard Faull							
2010	2,311,100	-	75,000			N/A	2,386,100
2009	1,680,001	-	631,099	-	-	N/A	2,311,100
William Dunmore							
2010	776,666	-	-		-	N/A	776,666
2009	666,666	-	300,000	-	(190,000)	N/A	776,666
Executives							
Tim Green							
2010	-	-	22,500	-	67,500	N/A	90,000
2009	N/A	-	-	-	-	N/A	-
Stewart Bayford							
2010	-	-	-	-	-	N/A	-
2009	N/A	-	-	-	-	N/A	-
Julian Tambyrajah							
2010	-	-	N/A	-	-	-	-
2009	N/A	-	-	-	-	N/A	-
Bruce Elsholz							
2010	N/A	-	-	-	-	N/A	-
Daniel White							
2010	N/A	-	480,000	-	960,000	N/A	1,440,000

Equity holdings - Options over ordinary shares

The movement during the reporting period in the number of options over ordinary shares in Central Petroleum Limited held, directly, indirectly or beneficially by each key management person, is as follows:

	Held at beginning of year	Held at date of appointment	Options exercised	Granted as remuneration	Net change other	Held at date of departure	Held at end of year *
Directors							
Henry Askin							
2010	5,900,000	-	-	-	(560,000)	N/A	5,340,000
2009	2,800,000	-	-	2,500,000	600,000	N/A	5,900,000
John Heugh							
2010	12,050,000	-	-	-	(4,546,022)	N/A	7,503,978
2009	9,550,000	-	-	2,500,000	-	N/A	12,050,000
Richard Faull							
2010	5,065,550	-	-	-	(1,485,000)	N/A	3,580,550
2009	3,500,000	-	-	1,250,000	315,550	N/A	5,065,550
William Dunmore							
2010	4,000,000	-	-	-	(600,000)	N/A	3,400,000
2009	2,600,000	-	-	1,250,000	150,000	N/A	4,000,000

** All of the options had vested and were exercisable at the end of the year.*

20. RELATED PARTY DISCLOSURES (continued)

Equity holdings - Options over ordinary shares (continued)

	Held at beginning of year	Held at date of appointment	Options exercised	Granted as remuneration	Net change other	Held at date of departure	Held at end of year @
Executives							
Tim Green							
2010	2,400,000	-	-	-	-	N/A	2,400,000
2009	N/A	-	-	2,400,000	-	N/A	2,400,000
Stewart Bayford							
2010	2,400,000	-	-	-	-	N/A	2,400,000
2009	N/A	-	-	2,400,000	-	N/A	2,400,000
Julian Tambyrajah							
2010	4,000,000	-	-	-	(2,666,668)	1,333,332	N/A
2009	N/A	-	-	4,000,000	-	N/A	4,000,000
Bruce Elsholz							
2010	N/A	-	-	2,000,000	-	N/A	2,000,000
Daniel White							
2010	N/A	-	-	3,000,000	-	N/A	3,000,000
Mark Di Silvio							
2009	2,000,000	-	-	-	(1,200,000)	800,000	N/A
Bernard Crawford							
2009	N/A	-	-	1,500,000	(1,000,000)	500,000	N/A
Randy Frazier							
2009	3,000,000	-	-	-	(2,000,000)	1,000,000	N/A

@ The vesting profile for options held at the end of the year was as follows:

	Holding at end of year	Vested at beginning of year	Vested during the year	Vested and Exercisable	Unvested
Tim Green	2,400,000	800,000	800,000	1,600,000	800,000
Stewart Bayford	2,400,000	800,000	800,000	1,600,000	800,000
Bruce Elsholz	2,000,000	N/A	666,666	666,666	1,333,334
Daniel White	3,000,000	N/A	1,000,000	1,000,000	2,000,000

Transactions with key management personnel

During the year ended 30 June 2010 the Consolidated Entity paid $13,603 (2009: $26,713) to Dunmore Consulting, a business in which Mr Dunmore is the principal, for the provision of corporate advisory services. This transaction is on normal commercial terms and conditions no more favourable than those available to other parties.

21. CASH FLOW INFORMATION

(a) Reconciliation of cash flows from operating activities with the loss after income tax

	Consolidated 2010 $	Consolidated 2009 $
Loss after income tax	(11,809,727)	(12,769,465)
Adjustments for:		
Depreciation and amortisation	242,279	98,591
Share-based payments	327,027	596,762
Foreign exchange (gain)/loss	18,206	-
Changes in assets and liabilities relating to operating activities:		
(Increase)/Decrease in receivables/prepayments	(10,876,428)	539,633
(Increase)/Decrease in inventories	(403,208)	(96,846)
(Increase)/Decrease in exploration assets	(68,709)	95,000
Increase/(Decrease) in creditors	3,043,144	1,693,049
Increase/(Decrease) in provisions	(76,215)	204,402
Net cash (outflow) from operating activities	**(19,603,631)**	**(9,638,874)**

(b) Details of non-cash financing activities

	-	-

22. CONTINGENCIES AND COMMITMENTS

(a) Exploration contingencies and commitments

The Consolidated Entity has exploration expenditure commitments on the following permits:

Petroleum EP's 82,93,97,105,106,107,112,115,118, and 125,

Mineral EL's - 27094,27100,27101,27102,27103,27104,27105,27107,27108,27109,27110,27114.

	2010	2009
Not longer than 1 year	9,160,263	29,677,000
Longer than 1 year and not longer than 5 years	44,540,000	21,650,000
Longer than 5 years	1,300,000	-
	55,000,263	51,327,000

The Consolidated Entity has contingent exploration expenditure commitments on the following permit applications, none of which had been granted at balance date:

Petroleum EPA's 92,111,120,124,129,130,131,132,133,137,147,149,152,160,PELA77,

ATP's 909,911 and 912, and PEPA's 17/08-9,18/08-9 and 16/08-9.

Mineral ELA's 27095,27096,27097,27098,27099,28095,28095,28097

	2010	2009
Not longer than 1 year	2,820,000	2,245,000
Longer than 1 year and not longer than 5 years	148,795,000	149,980,000
Longer than 5 years	12,710,000	-
	164,325,000	152,225,000

In the petroleum industry it is common practice for entities to farm-out, transfer or sell a portion of their rights to third parties or relinquish them altogether and, as a result, obligations may be reduced or extinguished.

22. CONTINGENCIES AND COMMITMENTS (continued)

(a) Exploration contingencies and commitments (continued)

Contingent Joint Venture Payments

As partial consideration under the terms of the purchase agreement for EPs 105, 106 and 107, the Company is required to pay the vendor the sum of $1,000,000 within twelve months following the commencement of any future commercial production from the permits.

In relation to the Trident Energy Limited (Trident) Farm-in arrangement for permit EP 115 held by Frontier Oil & Gas Pty Ltd (a wholly owned subsidiary of Central Petroleum Limited), the total seismic funding by Trident is $600,000 at the promoted 20% level. Half of this expenditure is refundable to Trident from any successful production which may eventuate. Alternatively the Farmor may, at its sole discretion, pay out this amount in cash within 12 months of the possible establishment of commercial production.

In the Oil and Gas Exploration Limited (formerly HeNuclear Limited ("HeN")) Joint Venture over the Magee (within the EP82 Permit) and Mt Kitty (within EP 125 Permit) Prospect Blocks, the Company via its wholly owned subsidiaries is the Farmor and retains a 75% participating interest. Under the terms of the Farmout Agreement, if the joint venture parties commence commercial production, HeN will be entitled to receive an additional payment of an amount equal to 25% of net revenues from the relevant Prospect Block until such time as the seismic promote component paid by HeN in respect to the relevant Prospect Block has been recovered. Alternatively the Farmor may, at its sole discretion, pay out this amount in cash within 12 months of the possible establishment of commercial production.

(b) Operating lease commitments

The Consolidated Entity has non-cancellable operating leases for office premises in Perth expiring on 28 February 2012 and Alice Springs expiring 30 June 2010. These leases are all in the name of the parent entity, Central Petroleum Limited.

	Consolidated	
	2010 $	2009 $
Non-cancellable operating lease payments		
Not longer than 1 year	420,112	259,421
Longer than 1 year and not longer than 5 years	522,447	358,538
Longer than 5 years	-	-
	942,559	**617,959**

There are no other material contingent liabilities or contingent assets of the Consolidated Entity and Parent Entity at the balance date other than those shown above.

23. SHARE-BASED PAYMENTS

The values of share-based payment transactions were calculated by using the Black-Scholes or binomial option pricing models.

Movements of share-based payments during the year for which options were issued:

	2010		2009	
	Options No.	Weighted average exercise price $	Options No.	Weighted average exercise price $
Balance at the beginning of the year	64,150,000	0.25	46,200,000	0.26
Granted during the year	6,340,000	0.122	22,350,000	0.245
Forfeited/lapsed during the year	(24,216,668)	0.203	(4,400,000)	0.30
Exercised during the year	-	-	-	-
Balance at the end of year	46,273,332	0.258	64,150,000	0.25

The following share-based payments were made during the **2010** financial year:

Grant date	Expiry date	Number of options	Average fair value per option	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
1 Jun 10	31 May 15	6,340,000	$0.026	$0.122	$0.07	49.3%	4.5%	0%

The following share-based payments were made during the **2009** financial year:

Grant date	Expiry date	Number of options	Average fair value per option	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
8 Jun 09	31 Mar 14	1,500,000	$0.0373	$0.37	$0.12	63.8%	4.78%	0%
8 Jun 09	31 Mar 14	1,500,000	$0.0412	$0.32	$0.12	63.8%	4.78%	0%
8 Jun 09	31 Mar 14	1,500,000	$0.0450	$0.28	$0.12	63.8%	4.78%	0%
8 Jun 09	31 Mar 14	1,500,000	$0.0482	$0.25	$0.12	63.8%	4.78%	0%
8 Jun 09	31 Mar 14	1,500,000	$0.0519	$0.22	$0.12	63.8%	4.78%	0%
8 Jun 09	31 Mar 14	9,700,000	$0.0547	$0.20	$0.12	63.8%	4.78%	0%
8 Jun 09	19 Jan 12	1,000,000	$0.0272	$0.25	$0.12	63.8%	4.78%	0%
8 Jun 09	16 Feb 12	250,000	$0.0283	$0.25	$0.12	63.8%	4.78%	0%
8 Jun 09	23 Feb 12	200,000	$0.0283	$0.25	$0.12	63.8%	4.78%	0%
11 Jul 08	31 Jul 11	200,000	$0.1156	$0.33	$0.24	90.0%	6.58%	0%
31 Aug 08	31 Aug 11	1,500,000	$0.0447	$0.30	$0.12	90.5%	6.17%	0%
11 Dec 08	17 Nov 11	2,000,000	$0.0288	$0.25	$0.08	98.0%	3.86%	0%

During the year, the following options were forfeited due to employee departures:

Option series (by expiry date)	Exercise price	2010 Number of options	2009 Number of options
17 Nov 2010	$0.25	1,333,334	-
31 Mar 2014	$0.20	1,333,334	-
30 Nov 2010	$0.30	-	1,200,000
31 Mar 2011	$0.30	-	2,200,000
31 Aug 2011	$0.30	-	1,000,000
		2,666,668	4,400,000

24. FINANCIAL INSTRUMENTS

The Consolidated Entity's principal financial instruments are cash and short-term deposits. The Consolidated Entity also has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The Consolidated Entity's risk management objective with regard to financial instruments and other financial assets include gaining interest income and the policy is to do so with a minimum of risk.

(a) *Credit Risk*

The credit risk on financial assets of the Consolidated Entity which have been recognised in the balance sheet is generally the carrying amount, net of any provision for doubtful debts. The Consolidated Entity trades only with recognised banks and it is considered that the credit risk is minimal. There are no significant concentrations of credit risk within the Consolidated Entity.

The aging of the Consolidated Entity's receivables at reporting date was:

Trade receivables	**Gross**		**Impairment**	
	2010 $	**2009 $**	**2010 $**	**2009 $**
Past due: 0 – 30 days	9,958,738	4,411	-	-
Past due: 31 – 150 days		1,071,761	-	-
Past due: 151 – 365 days	1,548,237	13,273	-	-
Past due: More than 1 year	231,186	-	-	-
	11,738,161	**1,089,445**	**-**	**-**

Based on historic default rates, the Consolidated Entity believes that no impairment allowance is necessary in respect of receivables past due by up to 150 days. The trade receivables relate predominantly to cash calls made against joint venture partners. The Parent is the Operator of a number of exploration joint ventures, and there is the risk that joint venture partners may not contribute to all or any of the cash calls raised by the Operator. The amounts receivable may be mitigated to some extent by unspent contributions.

(b) *Liquidity Risk*

The following are the contractual maturities of financial assets and liabilities:

2010	**≤ 6 months $**	**6 - 12 months $**	**1 - 5 years $**	**≥ 5 years $**	**Total $**
Financial Assets					
Cash and cash equivalents	37,529,579	-	-	-	37,529,579
Trade and other receivables	11,738,161	-	-	-	11,738,161
Other financial assets	1,329,200	-	2,099,723	-	3,428,923
	50,596,940	**-**	**2,099,723**	**-**	**52,696,663**
Financial Liabilities					
Trade and other payables	(7,833,151)	-	-	-	(7,833,151)
	(7,833,151)	**-**	**-**	**-**	**(7,833,151)**

2009	**≤ 6 months $**	**6 - 12 months $**	**1 - 5 years $**	**≥ 5 years $**	**Total $**
Financial Assets					
Cash and cash equivalents	35,930,650	-	-	-	35,930,650
Trade and other receivables	1,089,445	-	-	-	1,089,445
Other financial assets	-	-	376,150	-	376,150
	37,020,095	**-**	**376,150**	**-**	**37,396,245**
Financial Liabilities					
Trade and other payables	(4,790,367)	-	-	-	(4,790,367)
	(4,790,367)	**-**	**-**	**-**	**(4,790,367)**

24. FINANCIAL INSTRUMENTS (continued)

(c) ***Interest Rate Risk***

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated	Weighted Average Effective Interest Rate		Floating interest rate		Fixed interest		Non-interest bearing		Total	
	2010 %	2009 %	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Financial Assets:										
Cash and cash equivalents	4.0	3.1	37,529,579	35,930,650	-	-	-	-	37,529,579	35,930,650
Trade and other receivables	0.0	0.0	-	-	-	-	11,738,161	1,089,445	11,738,161	1,089,445
Other financial assets	5.5	5.4	1,329,200	-	2,059,723	336,150	40,000	40,000	3,428,923	376,150
			38,858,779	**35,930,650**	**2,059,723**	**336,150**	**11,778,161**	**1,129,445**	**52,696,663**	**37,396,245**
Financial Liabilities:										
Trade and other payables	0.00	0.00	-	-	-	-	7,833,151	4,790,367	7,833,151	4,790,367
			-	**-**	**-**	**-**	7,833,151	**4,790,367**	7,833,151	**4,790,367**
Net Financial Assets/(Liabilities)			**38,858,779**	**35,930,650**	**2,059,723**	**336,150**	**3,945,010**	**(3,660,922)**	**44,863,512**	**32,605,878**

Interest Rate Sensitivity

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 10% movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below based on the average amount of interest bearing financial instruments held. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Profit or Loss		Equity	
	10% Increase	**10% Decrease**	**10% Increase**	**10% Decrease**
2010				
Cash and cash equivalents	150,118	(150,118)	-	-
Other financial assets	18,639	(18,639)		
2009				
Cash and cash equivalents	56,530	(56,530)	-	-

(d) ***Currency Risk***

The Group's exposure to currency risk is limited due to its ongoing operations being in Australia and all associated contracts completed in Australian dollars.

(e) ***Fair Values***

The carrying amounts of cash, cash equivalents, financial assets and financial liabilities, approximate their fair values.

25. INTERESTS IN JOINT VENTURES

Details of joint ventures in which the Consolidated Entity has an interest are as follows:

	Principal activities	Consolidated 2010 %	Consolidated 2009 %
Broadacre JV (Excluding TRI EP115)	Oil and gas exploration	100	80
Rawson EP97 JV	Oil and gas exploration	80	65
TRI EP115	Oil and gas exploration	90	70
OGE Magee 82, Mt Kitty 125	Oil and gas exploration	75	75

Rawson = Rawson Resources Limited
TRI = Trident Energy Limited
OGE =Oil and Gas Exploration Limited (formerly He Nuclear Limited)

The interests in the assets and liabilities of the joint ventures are included in the Consolidated Entity's s balance sheets in accordance with the accounting policy described in Note 1(a) under the following classifications:

	Consolidated 2010 $	Consolidated 2009 $
Current assets		
Cash and cash equivalents	14,964,864	239,136
Trade and other receivables	7,264,265	442,561
Current liabilities		
Trade and other payables	(4,033,016)	(60,067)

26. CONVERTIBLE NOTES

During the year ended 30 June 2008, Central Petroleum Limited entered into an $80,000,000 Bond Subscription Agreement with D.B. Zwirn Mauritius Trading No. 3 Limited ("DBZ"). DBZ novated the Bond Subscription Agreement to Asia Convertible Bond Opportunities, LLC on 9 September 2008.

During the year ended 30 June 2010 the Company issued four tranches of 100 convertible bonds at an issue price of $10,000 each to Asia Convertible Bond Opportunities, LLC for a total subscription amount of $4,000,000. The bonds were subsequently converted to shares at various prices per share, resulting in the issue of 41,068,172 shares. To date a total of $10,000,000 in convertible bonds has been issued and subsequently converted to equity, leaving a balance of $70 million available under the facility.

No transactions were completed in relation to the Bond Subscription Agreement during the year ended 30 June 2009.

The principal terms and conditions of the agreement include:

- The conversion price is the lower of:
  (a) 125% of the average of the closing prices per Share on the ASX for the 25 Trading Days immediately prior to the date the Convertible Bond is issued; or

  (b) 90% of the average of the closing prices per Share on the ASX in any 5 consecutive Trading Days during the 25 Trading Days immediately preceding the conversion date.

  There is a minimum conversion price of $0.08.

  The conversion price may be altered upon the occurrence of a range of events, in accordance with the formulae set out in the Bond Agreement.
- Maturity Date: 5 years from date of issue
- Interest: zero, except in the event of default or early redemption, whereby the interest rate is 6%.
- Bond Issue and Conversion: Bonds are issued in tranches of $1,000,000 each. Each tranche must be fully converted into ordinary shares of the Company before subscription and issue of the next tranche can be completed.
- Redemption: The bonds mature and must be redeemed by the Company five years after the date of issue. The bond holder has the option to require redemption at any time after one year of issue. The Company may exercise the right of early redemption after one year, but must pay interest at a rate of 6% if it does so.

27. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2010 the following events have occurred:

- On 30 July 2010 the Company and joint venture participant Red Sky Energy Limited ("Red Sky") agreed to terminate their farmin/farmout agreement covering all exploration permits and application areas where Red Sky had previously agreed to earn a 10% equity interest by paying certain costs on a 2:1 promote basis. The promote was capped at various levels for seismic and drilling operations. As a result the Company's beneficial interest in each of the permit and application areas increased by the 10%.
- On 5 August 2010 the Company entered into a farmin agreement with Rawson Resources Limited to farmin to the Pelinor prospect block ("the Pelinor Block) within EP97 situated in the Pedirka Basin. The Company will acquire an 80% interest in the Pelinor Block by funding at the 100% level, 100km of 2D seismic and the drilling of one well within the block.
- On 27 August 2010 the Company and joint venture participant Trident Energy Limited ("Trident") entered into an arrangement whereby the Company is sole risking the drilling of the Johnstone West-1 well ("JW1") in EP115. Trident has the right to any production from Johnstone West-1 by (a) paying 20% of the costs of the well and (b) foregoing to the Company its share of petroleum production from JW1 until such time that the amount in aggregate equals 9 times the amount paid in (a) above. In addition Trident has agreed to withdraw from Application Area EP111 which will see the Company increase its beneficial interest in this application area by 10%.
- In September 2010 the Company announced significant oil shows at the Johnstone West-1 well located in EP115. The well has not been flow tested at the time of finalising this report..
- On 28 September 2010 the Company announced it has conditionally raised $19.35 million (before costs) with the assistance of Patersons Securities Limited. This comprises a share placement raising approximately $6.45 million (before costs) and an underwritten Share Purchase Plan to the level of the first 150 million shares, conditionally raising a minimum $12.9 million.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of Central Petroleum Limited :

a) the financial statements and notes of the Consolidated Entity set out on pages 33 to 58 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and

   (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b) the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 1 to the Financial Statements; and

c) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable; and

d) the audited remuneration disclosures set out on pages 19 to 24 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures*, the Corporations Act 2001 and the Corporations Regulations 2001.

The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the directors:

JP Heugh
Director

Perth, 30 September 2010

Stantons International
ABN 41 103 088 697
LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CENTRAL PETROLEUM LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Central Petroleum Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Central Petroleum Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 19 to 24 of the directors' report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

In our opinion the remuneration report of Central Petroleum Limited for the year ended 30 June 2010 complies with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL
(An Authorised Audit Company)
Stantons International

Keith G Lingard
Director

West Perth, Western Australia
30 September 2010

Details of shares and options as at 22 September 2010:

Top holders

The 20 largest registered holders of each class of quoted equity security as at 22 September 2010 were:

Ordinary fully paid shares

	Name	No. of Shares	%
1.	National Nominees Limited	15,076,665	1.66
2.	Comsec Nominees Pty Lttd	14,935,084	1.64
3.	Avatar Equities Pty Ltd <Avatar Share Trading A/C>	11,025,956	1.22
4.	Renlyn Bell Investments Pty Ltd<G & R Bonaccorso Family A/c>	10,500,000	1.16
5.	RBJ Nominees Pty Ltd <Superannuation Fund A/C>	9,375,000	1.03
6.	Strata Resources Ltd	8,567,300	0.94
7.	CIMB Securities (Singapore) Pty Ltd <Client A/C>	7,640,010	0.84
8.	Franze Holdings Pty Ltd	6,860,000	0.76
9.	Advent Energy Ltd	6,250,000	0.69
10.	ANZ Nominees Limited	6,062,281	0.67
11.	Citicorp Nominees Pty Limited	5,960,663	0.66
12.	Mr Bradley Barrie Shrimpton	5,746,000	0.63
13.	Mr John Phillip Heugh	5,703,693	0.63
14.	Pan Australian Nominees Pty Limited	5,566,833	0.61
15.	ICM Australia Pty Ltd	5,000,000	0.55
16.	Mr Simon Philis	5,000,000	0.55
17.	Mr Anthony Norman Buist	4,900,000	0.54
18.	The Private Auto Mart Pty Ltd <The Walewski Investment Trust>	4,500,000	0.05
19.	Memphis Holdings Pty Ltd <Super Fund A/C>	4,329,123	0.48
20.	Agens Pty Limited <Mark Collins Family A/C>	4,270,000	0.47
		147,268,808	**16.23**

Options exercisable at $0.16 each on or before 31 March 2014

	Name	No. of Options	%
1.	Pagodatree Investments Limited	9,381,649	3.42
2.	Franze Holdings Pty Ltd	7,230,000	2.64
3.	Walker Seafoods Australia Ptty Ltd <Walker Family A/C>	6,800,000	2.48
4.	Dr. Kelvin Lo & Mrs Yoke Lo <Nu Piggie Super Fund A/C>	6,640,000	2.42
5.	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	6,089,392	2.22
6.	Avatar Equities Pty Ltd <Avatar Share Trading A/C>	5,662,526	2.06
7.	Citicorp Nominees Pty Limited	4,501,621	1.64
8.	Comsec Nominees Pty Ltd	4,370,730	1.59
9.	Strata Resources Ltd	4,219,500	1.54
10.	Mr Terrence McCarthy	3,800,000	1.39
11.	ASB Nominees Limited	3,300,000	1.20
12.	National Nominees Limited	3,289,750	1.20
13.	Merrill Lynch (Australia) Nominees Pty Limited	3,255,563	1.19
14.	Advent Energy Ltd	3,125,000	1.14
15.	ICM Australia Pty Ltd	3,000,000	1.09
16.	Jannarn Pty Ltd <Prabhakar Super Fund A/C>	2,450,000	0.89
17.	Maderios Pty Ltd <Visser Super FundA/C>	2,000,000	0.73
18.	Mr Zarko Nikolski	1,966,801	0.72
19.	RBJ Nominees Pty Ltd <Superannuation Fund A/C>	1,865,769	0.68
20.	Mr Tadeusz Kowalski	1,805,000	0.66
		83,203,301	**30.33**

Distribution schedules

A distribution schedule of each class of equity security as at 22 September 2010:

Ordinary fully paid shares

Range	Holders	Units	%
1 - 1,000	119	24,631	0.00
1,001 - 5,000	760	2,835,971	0.31
5,001 - 10,000	1,250	10,104,631	1.11
10,001 - 100,000	4,439	179,537,335	19.80
100,001 - Over	1,563	714,795,274	78.78
Total	8,131	907,297,842	100.00

Listed options exercisable at $0.16 each on or before 31 March 2014

Range	Holders	Units	%
1 - 1,000	645	407,222	0.15
1,001 - 5,000	933	2,619,131	0.95
5,001 - 10,000	438	3,447,118	1.26
10,001 - 100,000	974	38,581,884	14.06
100,001 - Over	413	229,256,170	83.58
Total	3,403	274,311,525	100.00

Substantial shareholders

As at 22 September 2010, there are no substantial shareholders in the Company.

Restricted Securities

As at 22 September 2010, the Company had no restricted securities.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 4,762 shares as at 22 September 2010):

Holders	Units
687	1,905,893

Holdings less than a marketable parcel of listed options exercisable at $0.16 each on or before 31 March 2014 (being 8,065 options as at 22 September 2010):

Holders	Units
1,825	4,636,656

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of shareholders or classes of shareholders:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative of a shareholder;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for their share, but in respect of partly paid shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those shares (excluding amounts credited)..

On-Market Buy Back

There is no current on-market buy-back.

INTERESTS IN PETROLEUM PERMITS AND MINERAL LICENSES AT 22 SEPTEMBER 2010

Permits and Licenses Granted

Tenement	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
EP 82 (1)	Amadeus Basin NT	Central	100	100		
EP 93	Pedirka Basin NT	Central	100	100		
EP 97 (2)	Pedirka Basin NT	Central	80	80	Rawson Resources Ltd	20%
EP 105	Amadeus/Pedirka Basin NT	Central	100	100		
EP 106	Amadeus Basin NT	Central	100	100		
EP 107	Amadeus/Pedirka Basin NT	Central	100	100		
EP 112	Amadeus Basin NT	Central	100	100		
EP 115	Amadeus Basin NT	Central	100	90	Trident Energy Limited	10%
EP 118	Amadeus Basin NT	Central	100	100		
EP 125 (1)	Amadeus Basin NT	Central	100	100		
EL-27094	Pedirka Basin NT	Central	100	100		
EL-27100	Pedirka Basin NT	Central	100	100		
EL-27101	Pedirka Basin NT	Central	100	100		
EL-27102	Pedirka Basin NT	Central	100	100		
EL-27103	Pedirka Basin NT	Central	100	100		
EL-27104	Pedirka Basin NT	Central	100	100		
EL-27105	Pedirka Basin NT	Central	100	100		
EL-27106	Pedirka Basin NT	Central	100	100		
EL-27107	Pedirka Basin NT	Central	100	100		
EL-27108	Pedirka Basin NT	Central	100	100		
EL-27109	Pedirka Basin NT	Central	100	100		
EL-27110	Pedirka Basin NT	Central	100	100		
EL-27114	Pedirka Basin NT	Central	100	100		

Permits and Licenses Under Application

Tenement	Location	Operator	CTP Consolidated Entity	
			Projected Registered Interest (%)	Projected Beneficial Interest (%)
EPA 92	Lander Trough NT	Central	100	100
EPA 111	Amadeus Basin NT	Central	100	100
EPA 120	Amadeus Basin NT	Central	100	100
EPA 124	Amadeus Basin NT	Central	100	100
EPA 129	Lander Trough NT	Central	100	100
EPA 130	Pedirka Basin NT	Central	100	55
EPA 131	Pedirka Basin NT	Central	100	100
EPA 132	Georgina Basin NT	Central	100	100
EPA 133	Amadeus Basin NT	Central	100	100
EPA 137	Amadeus Basin NT	Central	100	100
EPA 147	Amadeus Basin NT	Central	100	100
EPA 149	Amadeus Basin NT	Central	100	100
EPA 152	Amadeus Basin NT	Central	100	100
EPA 160	Lander Trough NT	Central	100	100
ATP 909	Georgina Basin QLD	Central	100	100
ATP 911	Georgina Basin QLD	Central	100	100
ATP 912	Georgina Basin QLD	Central	100	100
PELA 77	Pedirka Basin SA	Central	100	100
16/08-9	Amadeus Basin WA	Central	100	100
17/08-9	Amadeus Basin WA	Central	100	100
18/08-9	Amadeus Basin WA	Central	100	100
EL 27095	Pedirka Basin NT	Central	100	100
EL 27096	Pedirka Basin NT	Central	100	100
EL 27097	Pedirka Basin NT	Central	100	100
EL 27098	Pedirka Basin NT	Central	100	100
EL 27099	Pedirka Basin NT	Central	100	100
EL-28095	Pedirka Basin NT	Central	100	100
EL-28096	Pedirka Basin NT	Central	100	100
EL-28097	Pedirka Basin NT	Central	100	100

Central or CTP = Central Petroleum Limited
(1) For the Magee prospect Block within EP 82 and the Mt Kitty prospect Block within EP125 the beneficial interest is 75%. The remaining 25% beneficial interest is held by Oil & Gas Exploration Limited (formerly known as HeNuclear Limited).
(2) For the Simpson, Bejah, Dune and Pelinor Sub- Blocks within EP 97.