CENTRAL PETROLEUM LIMITED

ABN 72 083 254 308

Annual report
30 June 2013

CONTENTS

CORPORATE DIRECTORY

DIRECTORS

Andrew P Whittle BSc (Hons), Non-executive Chairman
Richard I Cottee BA LLB (Hons), Managing Director and Chief Executive Officer
Michael R Herrington BSc (Engineering), PE (Petroleum), Executive Director and Chief Operating Officer
Wrixon F Gasteen BE (Hons), MBA (Dist), Non-executive Director
William J Dunmore BSc MSc, Non-executive Director

CHIEF FINANCIAL OFFICER AND JOINT COMPANY SECRETARY

Bruce Elsholz BCom CA

GROUP GENERAL COUNSEL AND JOINT COMPANY SECRETARY

Daniel C M White LLB BCom LLM (Merit)

REGISTERED OFFICE

56-58 Jephson Street
Toowong
Queensland 4066
Telephone; +61 7 3181 3800
Fax: +61 7 3181 3855
www.centralpetroleum.com.au

AUDITORS

PricewaterhouseCoopers
Brookfield Place
125 St Georges Terrace
Perth
Western Australia 6000

BANKERS

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

SHARE REGISTER

Computershare Investor Services Pty Limited
117 Victoria Street,
West End
Queensland 4101
Telephone: +61 7 3237 2110
Fax: +61 3 9473 2085
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).

CHAIRMAN'S REVIEW YEAR 2013

A MESSAGE FROM ANDY WHITTLE

Dear Fellow Shareholder

MANAGEMENT STABILITY, FARMOUTS, COAL LICENCE SALE, FUTURE SEISMIC, DRILLING AND SUCCESSFUL SURPRISE EXTENDED PRODUCTION TEST

Central's eighth year since listing on the ASX has been an exciting one for the Company following many of the changes in direction and personnel that have been made. Most of the upheavals and uncertainties that surrounded the company are now behind us and I believe that we are well positioned to maximise our many exploration and production opportunities. An extended oil production test was conducted in the Surprise-1 well and it is deemed our first commercial oil field.

I joined the Board in April 2012 and was appointed acting Chairman following the retirement of Dr Askin at the 2012 AGM, this was followed by the appointment as Chairman in April 2013.

My personal interest in your company originates largely from my frontier exploration background and a firm belief that the Central acreage portfolio is world class from an exploration perspective. From 1991-95, I was involved in the Palm Valley joint venture which added to my fascination with the Amadeus Basin Geology. Our acreage holdings, which are extensive by global standards, cover areas with rich source rocks, a demonstrated hydrocarbon system and huge potential for shareholders, but our exploration efforts have hardly scratched the surface.

The industry in Australia is following the US success story in the exploration for unconventional shale plays and Central is well positioned to capture early success at a time when the gas market has been blown wide open following the acknowledged gas shortfalls that are well documented for the eastern seaboard, initiated in part by predicted demand from the CSG LNG projects in Queensland.

The appointment of Richard Cottee as CEO in June 2012 precipitated a number of changes in strategy which have already come to fruition that include the farm-outs to Total in the Southern Georgina Basin and Santos in the Amadeus and Pedirka Basins announced during the second quarter. Major companies do not generally pay a significant premium to enter exploration projects without having a serious interest following detailed prior technical review. Shareholders will benefit from their joint venture participation, knowledge, drive to get things done, and financial support. You are seeing this already with seismic activity in both the farmout areas. Santos is a cost efficient operator in Central Australia and has experience in the Amadeus with their Mereenie oil development. I believe that the NW Mereenie prospect in the Santos farmin area has comparable oil potential and should be drilled as part of the farmin using state-of-art technology and probably resulting enhanced flow rates. On the other hand Total's global experience and financial clout will certainly benefit our on-going programs.

Consistent with cost cutting initiatives, one of the other strategies initiated under Richard Cottee's leadership was to exit the coal assets/licences. This was done effectively and efficiently thereby removing high cost work commitments and enabling us to refocus our activities on conventional and unconventional oil and gas exploration.

Some shareholders have criticised the company for not fast-tracking Surprise development and for recording the 3D seismic over the field before applying to the NT Government for a Production Licence. The 3D seismic results have increased our knowledge and placed us in a far better position to optimise development and locate further wells. We are working closely and co-operatively with the traditional owners and NT government towards development of the second NT onshore oil field. Operating in this remote area is not easy but the current technical team is well placed to get the job done cost effectively.

Central has in my opinion plenty of opportunities to pursue in the Surprise area as there are numerous other prospects and leads requiring follow-up, least of all Surprise East which should commence drilling within the next 6 months.

Office relocations are not always taken positively, but I am pleased to report that relocating the office to Brisbane has been handled smoothly and efficiently. When I walk around the new office in Toowong I experience an air of excitement amongst the staff who seem to have settled in well with their families and enjoy working in their new environment. Their enthusiasm is due in part to the on-going level of activity but also to the team spirit that has been engendered by management. We are experiencing exciting times in this company as we move towards our next drilling program and oil production.

CHAIRMAN'S LETTER

The small explorer in Australia is not finding it easy to run and finance their business, but we at Central have a clear plan which is starting to materialise.

Central has an internationally experienced Board and Management Team and I am proud to be associated with the company. Advice and the handling of matters with traditional owners has been led over the years by Bob Liddle who continues to make a huge contribution to our day-to-day business and I would like to publically acknowledge Bob's OAM award announced in the recent Queen's Birthday Honours list.

I would like to conclude by quoting from our past Chairman's letter for 2012 where he said "...your company now looks forward to a period of management stability, renewal and rejuvenation. In particular this stability underpins the progress of essential farmout discussions, and I anticipate concrete results to be on the very near horizon."

His prediction has materialised and we are on our way to activity which will lead to a far better understanding of our acreage and hopefully lead to drilling success and near term oil production with a corresponding increase in shareholder value.

Finally I would like to thank the Directors and in particular Richard Cottee and his staff for their continued support during 2013. I am very pleased with the smooth transition of the Company in the move from Perth to Brisbane and with the way the Company has continued to meet targets to address the strategies outlined previously which include farm-outs, the sale of coal assets, and progressing the Surprise oil development.

Mr A. Whittle
Chairman
Melbourne, 26 September 2013

CENTRAL PETROLEUM LIMITED
ABN 72 083 254 308

MANAGING DIRECTOR'S LETTER

Dear Central Petroleum Shareholder,

In the last 12 months Central Petroleum has been re-organised as a company and entered into a series of commercial exploration agreements with the potential to transform the Company.

We are now set to embark on a series of potentially transformative drilling programs in the next 12 months that could place Central on the edge of becoming a continuing oil producer.

Significant growth could accompany this program, and at this time the Central Petroleum Board believes that consolidating the number of CTP shares on offer will help the company achieve a transformation from a speculative explorer to a long-term institutional-grade investment.

When I joined Central in May 2012, I believed the Company faced a number of challenges and that its growth would depend on four preconditions to success, namely:

1) Three Generational Assets: Assets that have the potential to produce over many years and offer long-term cashflow. These have always been part of the Company;

2) Clarity of Purpose: An investment in Central is now firmly established as an investment in a growing and independent oil and gas player in Central Australia. We are exploring highly prospective acreage with the help of our farmin partners, Santos and Total. Simultaneously, we are creating the data base necessary to develop the great latent potential of unconventional horizons in both the Horn Valley Siltstone and the Arthur Creek Shale. With the divestiture of coal assets announced to the market in April 2013, the Company now has a clear purpose;

3) Access to Expertise: The joint ventures announced with both Santos and Total have given the Company access to the expertise of those companies, and also given Central the platform from which we can build our own expertise. Our ability to build our expertise was enhanced by the employment of Mike Herrington as Chief Operating Officer, Mike Bucknill as General Manager Exploration and Dr Robbert Willink as Exploration Advisor. Canh Nguyen, a drilling manager of some 20 years of experience is joining our team to oversee the largest drilling campaign the Company has ever undertaken in a single year. This has created a formidable and experienced technical leadership team amply equipped to unlock the shareholder value which waits to be uncovered in our vast exploration acreage; and

4) Access to Capital: 12 months ago Central's capital structure meant the Company was not adequately prepared to face the challenges of the rapid growth necessary to become an ASX 100 company. Central had a three-fold problem;

   a) We did not have sufficient capital to kick-start a major exploration which more than covered the minimum exploration expenditure necessary to retain our strong acreage position;

   b) Repair our balance sheet – this in itself required a two-pronged attack namely bringing our non-exploration expenditure under control and raising capital itself. The first of these were achieved by the balance date whereby our net cash burn rate had reduced to around $0.5 million per month;

      The recent placement of stock to primarily 3 large institutions has finished this process providing sufficient capital to develop Surprise and Surprise East. Provided that development performs to prognosis, the Company should be in a position to fund its share of Stage 1 of the Southern Georgina Joint Venture from cash flows; and

   c) Restructuring of the Equity Register will align the interests of shareholders with long term creation of value through exploration and development. Given our acreage portfolio and the quantum of the exploration expenditure envisaged under the 3 stages of the 2 farmout deals (nearly $370 million over the 3 stages), my experience is that the Company needs patient, supportive shareholders looking for returns over the 2 year horizon, rather than the 2 hour horizon. The recent placement coupled with the proposed share consolidation will help deliver this stability.

These fundamental structural changes, particularly on the capital and expertise fronts, enable the Company to concentrate on creating shareholder wealth.

It is also appropriate to reflect on what your company has achieved in the last 12 months. One year ago the Company faced shareholder turmoil in the form of EGMs seeking to displace the Company's leadership accompanied by seven separate pieces of litigation. At the end of the year, all litigation (other than those covered by insurance) has been resolved, stemming the cash haemorrhaging and also allowing management to focus on wealth creation. The shareholders spoke with clarity about the leadership they desired at the EGMs held in June and July 2012. The Board has been restructured with a new Chairman and Managing Director all of which was confirmed by shareholders at last year's Annual General Meeting (AGM).

Once stability was restored, the rebuilding of management could begin, with the appropriate mixture of experience and energy. From my days at QGC (a company which loomed large in the unconventional space – CSG is unconventional) I was pleased to have been joined again by 2 of my longer serving confreres Mike Herrington and Leon Devaney and more recently Canh Nguyen a drilling manager of considerable experience. Personally it has been very satisfying that people of such calibre are willing to back up a second time with me. In addition and of critical importance to a company dependent on its unveiling of its exploration potential was the recruitment of Mike Bucknill and Dr Robbert Willink. These additional members of the management team have substantially strengthened the Company's management capabilities.

The last 12 months have seen the completion of the Extended Production Testing and the interpretation of the area surrounding Surprise. This has enabled the Company to develop a cost effective and risk managed plan for development of Surprise. This development will take place as soon as the Production Licence is issued with all of our tenements renewed and in good standing, the Company is now waiting for "the rocks to speak" with its 600% increase in annual exploration expenditure. Next calendar year may well see 12 exploration holes being drilled, which is more in one year than has been drilled on our acreage to date. Whilst inevitably there may be some disappointments it will be an immensely exciting and hopefully rewarding year for our owners – you the shareholders.

I would like to thank our staff and the board for their support which has enabled such a remarkable transformation. Most importantly I would like to thank our shareholders for having sufficient faith in management to develop the Company. This trust will be rewarded by a focus on shareholder value and enormous effort to create shareholder wealth.

Richard Cottee
Managing Director
Brisbane, 26 September 2013

Your directors present their report on the consolidated entity, consisting of Central Petroleum Limited ("Company" or "CTP") and the entities it controlled (collectively "the Group" or "the Consolidated Entity") at the end of, or during the year ended 30 June 2013.

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:

Andrew P Whittle

Richard I Cottee

Michael R Herrington

Wrixon F Gasteen

William J Dunmore

Henry J Askin (retired 30 November 2012)

Andrew P Whittle, Richard I Cottee, Michael R Herrington, Wrixon F Gasteen and William J Dunmore held office at the date of this report.

Principal activities

The principal activity of the Consolidated Entity during the financial year was the exploration for hydrocarbons.

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 2013 of $9,283,393 (2012: loss of $26,358,168).

At 30 June 2013 consolidated cash and cash equivalents available totalled $1,308,307 (2012: $12,105,232).

Dividends

No dividends were paid or declared during the financial year (2012:Nil). No recommendation for payment of dividends has been made.

Review of Operations

The Company's focus for the year was as follows:

- Successfully complete 6 month extended production testing
- Obtain calculated reserves report on Surprise Project
- Consummate Santos and Total farmouts
- Divesture of coal interests

Surprise West

6 month Extended Production Testing

During the period covering June 2012 to December 2012 an extended production testing ("EPT") was performed on the Surprise-1 REH well. By completion the EPT operation had produced approximately 10,000 barrels of oil.

The EPT flow rates stabilised between 200 – 400 BOPD without pump. Central anticipates that higher flow rates will be achieved by pumping. Encouragingly, water produced during the production test remained below 10% and by the end of the test, had fallen to 3.2%.

Reserves

The Surprise-1 REH (West Fault Block) well is estimated to contain 7.5 million barrels ("bbls") of Original Oil in Place (OOIP) giving 3P Reserves of 2.1 million barrels. The Proved Reserve is estimated to be 600,000 bbls. In addition the East Fault Block was assigned a 17.7 million barrel of oil 2C resource estimate.

The Reserves volumes quoted are solely on the west of the main fault interpreted at Surprise. The Contingent Resources quantified are to the east of this fault and therefore potentially offer significant additional Reserves.

The Reserves Report recommended further development and appraisal including further drilling on the structure.

Development

The Company approved the first stage of development of the Surprise West discovery. The approval followed 6 months of detailed internal and external studies which concluded that Surprise West should be developed independently of Surprise East.

The development of Surprise West will include the re-entry of Surprise-1 REH, for pump installation and the construction of a Production Facility to increase the present capacity up to 5,000 barrels of oil storage with up to 2,000 barrels of water separation capacity.

The development is conditional on grant of a Production Licence which is expected to be granted by the end of the 2013 calendar year. The Company expects that production will commence in Q1 2014, providing valuable cash flow support to the Company's mission to efficiently develop its large conventional and unconventional oil and gas potential. The potential to bring a joint venture partner into Surprise is progressing in accordance with the Company's expectation.

Surprise East

Dependent on the outcome of farmout discussions on the Surprise Project, Surprise East-1 will appraise the extension of the productive Lower Stairway sandstone, and test the underlying Horn Valley Siltstone ("HVS") and Pacoota sandstone. The HVS will be cored to evaluate the substantial oil shows in Surprise-1 REH and Johnstone West 1 so as to assess the recognised unconventional potential.

Central will evaluate the organically rich HVS and Pacoota conventional horizon, which occurs directly below the Surprise oil production horizon. The HVS is thought to be the source rock for the Surprise discovery, and is known regionally to contain rich shales and wet gas. It has the potential to be a large shale gas play covering thousands of square kilometres.

Meeting with Traditional Owners and Central Land Council in respect of Surprise West Production Licence application

Farmout to Total E&P Australia

The Company completed the farm-out transaction with Total on 9 May 2013 in respect to the three Queensland permits (namely ATP909, ATP911, ATP912) comprising some 6 million acres in the Southern Georgina Basin in central Australia. The completion of that part of the farm-out agreement that relates to EP(A)132 in the Northern Territory will occur upon the grant of the exploration permit.

The exploration will start with an investment by the joint venture of US$60 million for stage one and at Total's election, US$130 million for Stages 2 and 3. Should Total continue and fulfil its funding obligations for Stages 2 and 3 Total will earn in increments to a total of 68% in the permits. Total is required to fund 80% of exploration and appraisal costs over four years. With regard to the Stage 1 commitment of US$60 million, Total has agreed to fund the first US$48 million of expenditure after which Central will fund the next US$12 million.

Central will operate the farm-out areas for the first four years and after completion of Stage 3 Total will assume operatorship for 90% of the area. Central will retain operatorship of the upstream activities on the remaining 10% of the area.

The Operator is currently executing the seismic acquisition and planning of the drilling/coring program is well advanced.

Farmout to Santos

In April 2013 the farmout transaction with Santos had completed in respect to most areas covered by the joint venture agreement being more than 18.7 million acres in the Amadeus and Pedirka Basins and that the closure of those parts of the farmout agreement related to EP97 had been deferred to allow for the completion of the acreage purchase transaction with Rawson Resources Limited ("Rawson").

The EP97 acquisition from Rawson was completed in April 2013 which will result in Central having a 44% participating interest in those portions of EP97 which are subject to the Santos Farmout Agreement (on the assumption the farmout proceeds to Stage 3) and 100% in the balance of the acreage.

In July 2013 the farmout transaction to Santos had completed.

The farmout deal will see Santos spending up to $150 million for the further exploration and potential development of up to 13 permit/application areas in the Amadeus and Pedirka Basins in central Australia.

Under the farmout agreement, Santos will fund exploration by investing an initial $30 million, with options to invest a further $60 million in Stage 2 and a further $60 million in Stage 3. In return Santos will earn rights to up to 70% of the area totalling nearly 80 thousand square kilometres. Santos will assume operatorship during exploration and in the event that they are developed. Central will benefit from a free carry during the farmout period.

The seismic acquisition program commenced July 2013. The program is around 1,800 kms. The seismic data acquired will assist with identifying and maturing prospects to a status where they can be drilled.

The Operator (Santos) notified that the Mt Kitty gas well in EP125 spudded on 13 September 2013. The well is being drilled as part of Santos' obligations to farmin to EP125 (Amadeus Basin, Northern Territory) to earn a 70% interest in that exploration permit. The top hole is planned to be drilled ~75m below the Base Cambrian Unconformity, which is prognosed at approximately 750mRT resulting in a total depth for this top hole section at ~825mRT and surface casing set and the rig released, with the main hole planned to be drilled by another rig to around 2,000m to the primary objective (Heavitree formation) in Q1, 2014.

EP97 2D seismic and acquisition

The 96 line km 2D seismic acquisition programme was completed during the first half of the year in EP97. By March 2013 the interpretation of the 2D seismic data increased the Company's confidence in the acreage.

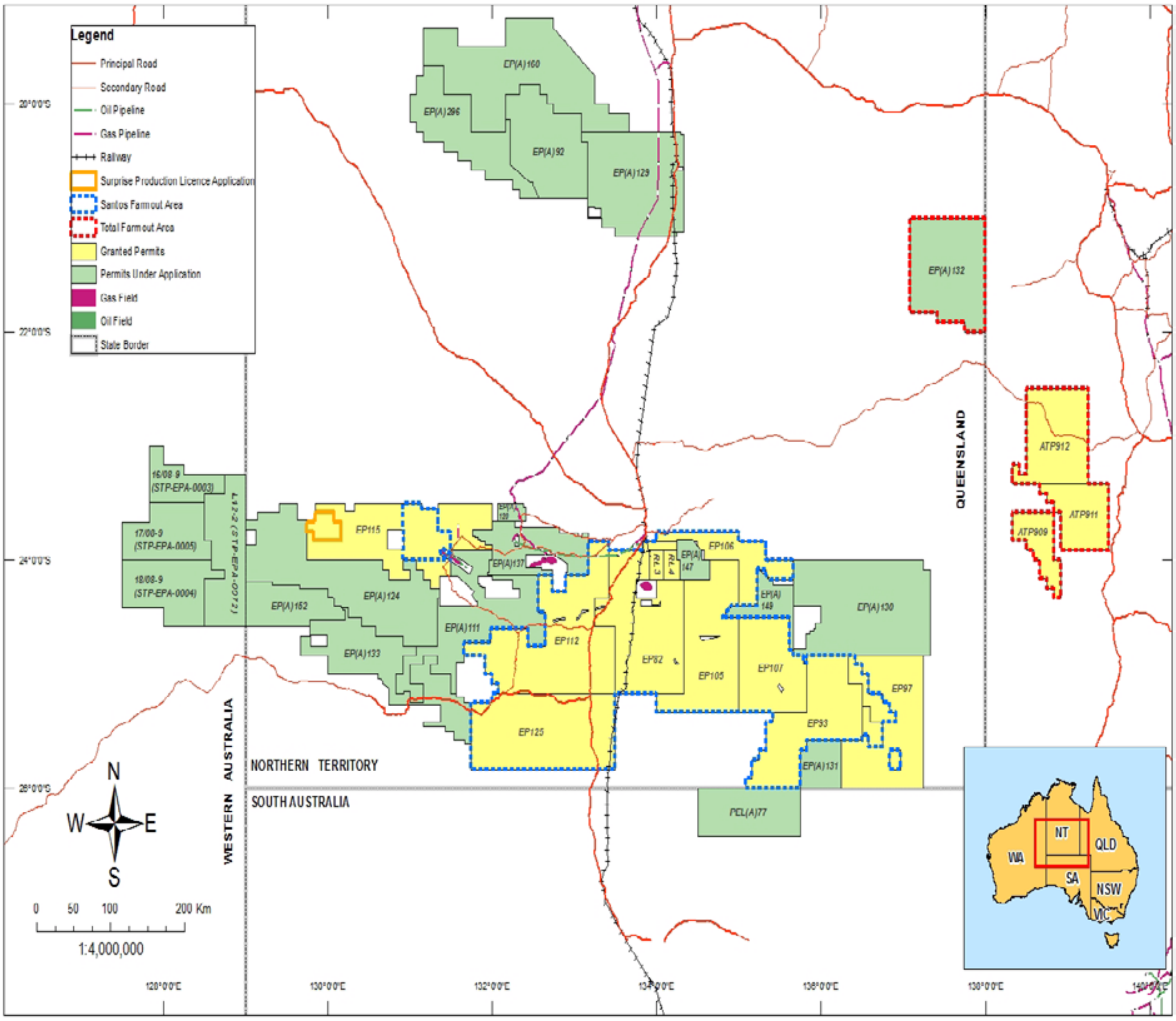
Mineral / Coal Interests

The sale of the coal assets completed 3 June 2013. The Company received $1.8 million from the sale to FRID Energy Pty Ltd. If the coal assets had not been divested, the Company would have had to commit under its permit obligations up to $10 million on coal/mineral exploration in the next 12 months in a climate of falling coal prices.

Acreage Release Area L12-2 (Western Australia)

The Company was named as the preferred applicant for Acreage Release Area L12-2 in Western Australia's portion of the Amadeus Basin. The block covers more than 6,500 square kilometres and fills the gap between existing permits in Western Australia and its Northern Territory permits.

The area was acquired to ensure the Company's acreage covered as much as possible of the lightly explored west end of the emerging liquid-rich HVS shale gas play. Central's Surprise-1 REH well sits above the highly prospective eastern edge of the HVS, where it is believed to be the source rock for the overlying Stairway oil reservoir. The HVS is also believed to be the source rock for the large Mereenie oil and Palm Valley gas pools further to the east.



Petroleum Granted Licence and Application Interests of Central Petroleum Limited

Information on directors

Andrew P Whittle BSc (Hons)

Independent Non Executive Chairman[1]

Mr Whittle has over 42 years of technical and managerial experience in the petroleum exploration and production industry with a focus on South East Asia and Australia. His experience includes over 21 years with several affiliates of Exxon Corporation in Australia, Singapore, Malaysia, Canada and the US, finally in the position of geological manager of Esso Australia. Thereafter, he was exploration manager for 5 years with GFE Resources Ltd, Australia. He has over 15 years' experience through PetroVal Australasian Pty Ltd, of which he is a founding director, and his private consulting company Sheristowe Pty Ltd, in preparing independent technical reports and in evaluating exploration and production assets and providing valuations, and expert opinions for a range of clients. He was closely involved in the exploration that led to the identification and discovery of the Thylacine gas field in the Otway Basin and in promoting Pexco into Indonesian deepwater exploration. He is also a member of the American Association of Petroleum Geologists, and the Petroleum Exploration Society of Australia.

He was appointed a non-executive director of ASX listed Bass Strait Oil Ltd in 2011 and a director of Bumi Armada Sdn Bhd, a major offshore service company which listed in Malaysia in mid-2011. Within the last three years, he has not been a director of any other listed public company.

Richard I Cottee BA LLB (Hons)

Managing Director and Chief Executive Officer [3]

With a background in law and energy, Mr Cottee is a prominent figure in the Australian oil and gas industry having taken QGC from an early stage explorer to a major unconventional gas supplier sold to BG Group for $5.7 billion.

Mr Cottee has renowned international energy experience with an outstanding reputation for driving company market development. A lawyer, Mr Cottee has also served as the director of marketing and sales for Cyprus Amax and then was named managing director of England, Wales, Scotland, Ireland and the Scandinavian and Norway regions for NRG Energy. Previously he worked with Santos Oil and Gas. He was also chief executive officer of CS Energy Ltd, a Queensland Government owned electricity generator.

Mr Cottee is currently a non-executive chairman of Austin Exploration Limited and is a principal of Freestone Energy Partners Pty Ltd ("FEP"). Mr Cottee resigned as managing director of Nexus Energy Ltd on 22 September 2011. Within the last three years, he has not been a director of any other listed public company.

Michael R Herrington BSc (Engineering), PE (Petroleum)

Executive Director and Chief Operating Officer [3]

Mr Herrington was recently upstream president for QGC, a BG Group Company, managing director for Jabiru Energy and previously was managing director for Enron Exploration Australia Pty Ltd based in Queensland, Australia and Enron Oil & Gas China Ltd based in Beijing, China. Mr Herrington has more than 30 years of diversified petroleum industry experience, holds a BS degree in civil engineering from the University of Utah and is a registered professional engineer. He has set up operations in Spain, France, Australia as well as China. These efforts have been consistently results orientated and have been completed on time and under budget invoking state of the art technology and developing new concepts where necessary incorporating such diverse technologies as satellite imaging and drilling rig modifications. In particular he has managed efforts to establish coal bed methane recovery leases in Europe, Australia and Asia.

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

Wrixon F Gasteen BE (Hons), MBA (Dist)

Independent Non Executive Director [2]

Mr Gasteen is a director and co-founder of Ikon Corporate (Singapore), established in 2007 to provide corporate advisory, capital raising and management consulting services. Mr Gasteen has a track record as a determined "turnaround" specialist, change agent and business developer. He was appointed chairman of BCP Precast by the major shareholder, private equity firm NBC Capital in 2007 and took on the executive chairman / chief executive officer role in July 2008 when the company fell into serious financial difficulty. He has undertaken long term management consulting projects for Rheem (Aust) 2006, Rinker China (2005) and WEM Civil (2005 – on going). Previously Mr Gasteen was chief executive officer of Hong Leong Asia (HLA) where he presided over the transformation and rapid development of the company by both acquisition and organic growth, from a loss making South East Asian building materials company with $300m in annual sales to $2.2bn in annual sales. He was director of Tasek Corporation (cement) (KLSE) and also chairman and president of China Yuchai International (diesel engines) listed on the New York Stock Exchange (NYSE).

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

William J Dunmore BSc MSc

Independent Non Executive Director [3]

Mr Dunmore is an experienced reservoir and production engineer with significant transaction, analysis and financial modelling knowledge from consulting and employment with a number of petroleum companies and financial institutions including Barclays Bank, Unicredit, HVB, British Gas, HBOS/BankWest, SMBC, BHP Petroleum, Schlumberger, Hardman, Mobil, Petrobras, Total, Nippon Oil and Powergen.

Mr Dunmore has over 35 years of direct relevant experience in Australia, Europe and elsewhere. He actively consults to a number of clients. Recent and current projects have included several very large gas and LNG developments in Asia and Australia as well as oil and gas projects located around the world. He has also advised on asset finance such as drilling rig conversions and FPSO new build and construction. 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.

[1] Member of the audit committee

[2] Chairman of the audit committee

[3] Member of the nominations committee

Company secretaries

Bruce W Elsholz BCom CA

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 fifteen years experience as Company Secretary with a number of ASX listed entities.

Daniel CM White LLB BCom LLM (Merit)

Mr White is an experienced oil & gas lawyer in corporate finance transactions, mergers and acquisitions, equity and debt capital raisings, joint venture, farmout and partnering arrangements and dispute resolution. 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:

	Full Meeting of Directors		*Audit Committee*		*Nominations Committee*	
	Number of meetings held at which eligible to attend	Number of meetings attended	Number of meetings held at which eligible to attend	Number of meetings attended	Number of meetings held at which eligible to attend	Number of meetings attended
Henry Askin [1]	4	4	1	1	nil	nil
Richard Cottee	8	8	nil	nil	1	1
William Dunmore	8	8	nil	nil	1	1
Michael Herrington	8	7	nil	nil	1	1
Wrixon Gasteen	8	8	3	3	nil	nil
Andrew Whittle	8	8	3	3	nil	nil

[1] *retired 30 November 2012*

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:

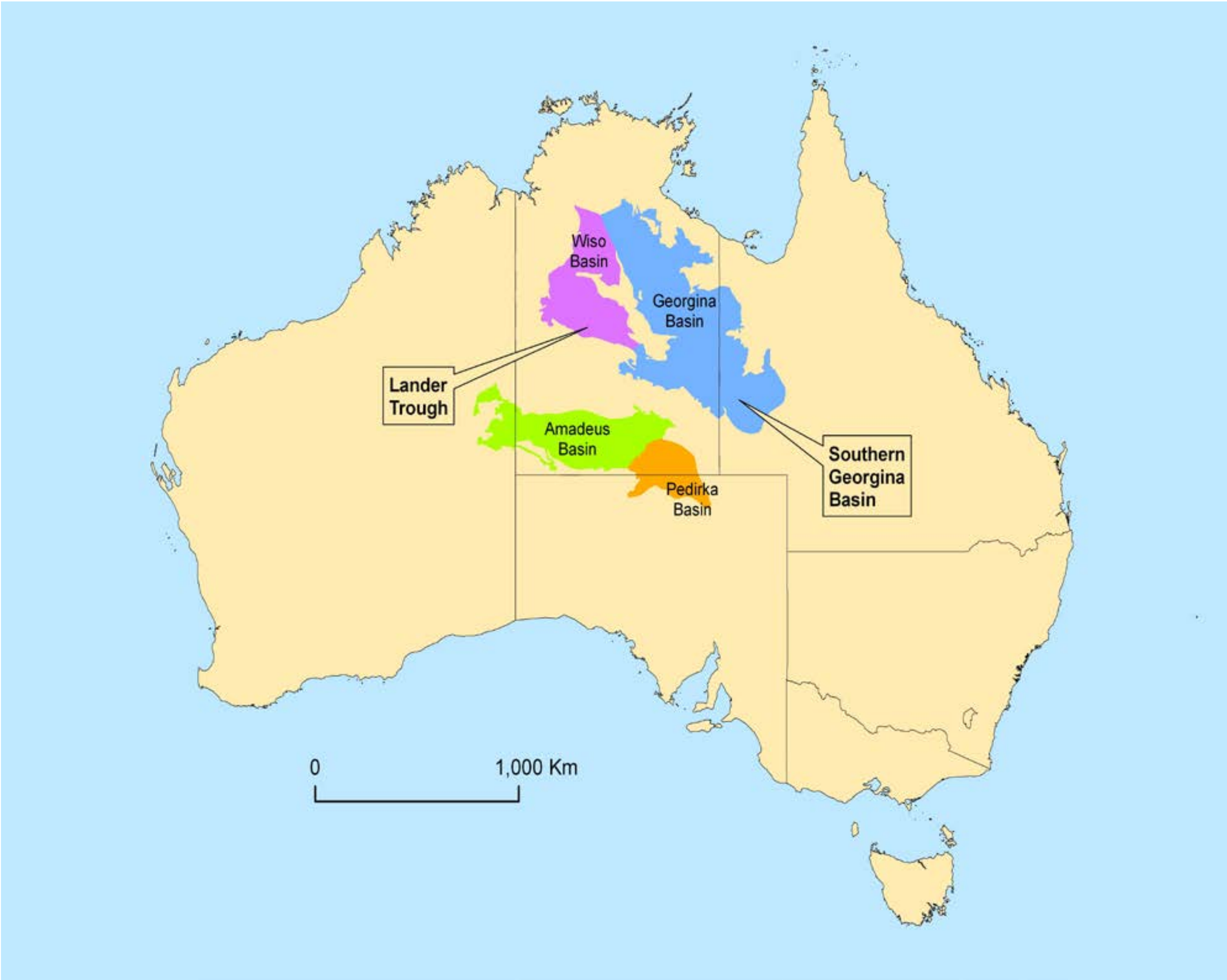
- Completion of the Extended Production Test in December 2012 with production exceeding 10,000 barrels
- Completion of significant farmouts to Santos and Total E&P
- Sale of coal permits for $1.8 million consideration

Matters subsequent to the end of the financial year

No matters or circumstances, besides those disclosed at note 31 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 and expected results of operations

In addition to the likely developments in Surprise West and Surprise East, the Santos and Total farmout programs will result in approximately $82 million of first stage exploration being spent over the next 15 months. All of this $82 million of exploration dollars are being spent by the farmin parties. Following this expenditure Central is required to spend approximately $13 million on this program late calendar year 2014.



Central Australia Basins

Environmental regulation

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

During the financial year, the Group paid premiums to insure Directors and Officers of the Group. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

Number of employees

The Company had 26 employees at 30 June 2013 (17 at 30 June 2012).

Proceedings on behalf of the Company

Except as referred below no person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company 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.

Legal Action

Legal Action with Drilling Contractor

On 31 March 2011, the Group announced it had initiated legal proceedings against Century Energy Services Pty Ltd to protect its interests.

The proceedings follow an unplanned incident which occurred during the drilling of Surprise-1 in EP 115 whereby the monkey board and 129 stands of racked drill pipe twisted around the rig mast by thirty degrees whilst the wireline sheaves were being repositioned. This incident resulted in the Group having to necessarily terminate the drilling contract with Century Energy Services Pty Ltd for performance related issues.

The Group received $1,125,260 (comprising of the settlement amount plus interest) from the Century arbitration matter in January 2013. A further $375,000 for settlement of legal costs associated with the arbitration was received in February 2013.

Legal Actions with Petroleum Nominees Pty Ltd (a Clive Palmer company) ("PNPL")

During the 2012 financial year various legal claims were made against the Company by PNPL.

On 31 August 2012 the Company announced to the Australian Stock Exchange that all legal proceedings with PNPL had been settled with no material financial outflow to the Company incurred.

Legal Action with John Heugh

On 26 March 2012 the Company advised that it had terminated the employment of Mr John Heugh. Mr John Heugh commenced an action in the Supreme Court of Western Australia against the Company disputing the Company's termination of his employment.

On 29 November 2012 the Company advised that Mr Heugh had commenced an action in the Supreme Court of Western Australia against the Company and others for alleged false and defamatory statements of and concerning Mr Heugh.

The Company is defending the actions vigorously.

The claims are currently being funded pursuant to the Company's Employment Practices Liability insurance. The directors believe no material amounts will be payable by the Company.

Non-audit services

During the year the Company engaged the auditor, PricewaterhouseCoopers (PwC) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity was important.

Details of amounts paid or payable to the auditor (PwC) for non-audit services provided during the year are set out below.

The board of directors is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* and did 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.

	CONSOLIDATED	
	2013	**2012**
PwC Australian firm:	**$**	**$**
(i) Taxation services		
Tax compliance	83,209	45,500
	83,209	**45,500**
(ii) Other services		
EGM related costs	-	6,500
TSX listing consulting & advice	-	30,000
Remuneration benchmarking	12,500	-
Forensic services	20,240	-
	32,740	**36,500**
Total remuneration for non-audit services	**115,949**	**82,000**

Auditor's Independence

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 30.

Remuneration report

This remuneration report, which has been audited, outlines the remuneration arrangements in place for directors and other key management personnel of the Consolidated Entity.

Directors and Key Management Personnel

The directors and key management personnel of the Consolidated Entity during the year and up to signing date of the annual report were:

Directors		
Andrew Whittle	Non-Executive Chairman	Appointed Acting Non-Executive Chairman 30 November 2012, Appointed Non-Executive Chairman 13 March 2013
Richard Cottee	Managing Director and Chief Executive Officer	Appointed Managing Director 13 March 2013
William Dunmore	Non-Executive Director	
Michael Herrington	Executive Director and Chief Operating Officer	
Wrixon Gasteen	Non-Executive Director	
Henry Askin	Non-Executive Chairman	Retired 30 November 2012
Other Key Management Personnel		
Bruce Elsholz	Chief Financial Officer and Company Secretary	
Daniel White	Group General Counsel and Company Secretary	
Leon Devaney	Chief Commercial Officer	Appointed 6 November 2012
Dalton Hallgren	Chief Operating Officer	Resigned 31 January 2013
Trevor Shortt	Exploration Manager	Resigned 29 June 2013
Robert Willink	Exploration Advisor	Appointed 1 July 2013
Michael Bucknill	General Manager Exploration	Appointed 1 July 2013

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:

Short term incentives

- (i) Annual salary and non-monetary benefits (executives and Managing Director only);
- (ii) Directors fees (directors only);
- (iii) Participation in performance-based bonuses over and above salary arrangements where applicable and in line with key performance indicators.

Long term incentives

- (i) Participation in an incentive option scheme;
- (ii) Payment of superannuation benefits in line with Australian regulatory guidelines

Salaries and directors fees are reviewed at least annually to ensure they remain competitive with the market. There is no guaranteed base pay increases included in any executive's contract.

Performance-based bonus

Participation in bonus schemes is at the discretion of the board of directors. In determining the extent of any performance based bonus, the Company takes into consideration the key performance indicators and objectives of the employee and the Company, as the Company may set from time to time, and any other matter that it deems appropriate. Before establishment of any bonus scheme the board of directors will consider the appropriate targets and key performance indicators (KPI's) to link the bonus scheme and the level of payout if targets are met. This includes setting any maximum payout under the scheme, and minimum levels of performance to trigger payment of the bonus. As of the date of this report no bonus scheme has been established for any director or employee.

Incentive Option Schemes

Non executive directors do not receive performance-based pay however they, along with executives, are entitled to participate in the incentive option schemes which are designed to provide incentive to deliver long-term shareholder returns.

At the discretion of the Company, performance criteria may or may not be established in respect of options that vest under the Incentive Option Schemes. Options may be granted for nil consideration. Options that have been granted to date to employees, excluding directors, have contained service conditions in respect of their vesting. Options have vested progressively from grant date to, in some cases, an employee's third anniversary of employment. On 19 July 2012 shareholders approved 172,922,033 options for issue to FEP on 8 August 2012 exercisable at $0.09 subject to the satisfaction of various vesting hurdles. Mr Richard Cottee has a beneficial equity interest in FEP. On 29 November 2012 shareholder approved the grant of 20,500,000 options to various directors exercisable at $0.09 subject to various vesting hurdles. No options were granted to employees under the incentive option scheme during the year ended June 2013. Details of the option granted are included in table 5 (page 26) of this remuneration report. No other director or executive received options under the Incentive Option Scheme that contained any performance criteria in respect of their vesting.

There are no rules imposing a restriction on removing the 'at risk' aspect of options granted to directors and executives.

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 Key Management Personnel

		Short-term		Post-employment		Long-term benefits	Share-based payments		
		Salary/ fees $	Non-monetary benefits [4] $	Superannuation contributions $	Termination Benefits $	Long service leave $	Options $	Total $	Value of options as proportion of remuneration %
Non-Executive Directors									
Andrew Whittle	2013	87,500	9,744	6,375	-	-	69,224	172,843	40%
	2012	11,000	695	990	-	-	-	12,685	0%
William Dunmore	2013	67,500	5,255	-	-	-	-	72,755	0%
	2012	60,000	3,787	-	-	-	-	63,787	0%
Wrixon Gasteen	2013	75,000	10,246	-	-	-	76,915	162,161	47%
	2012	1,475	93	-	-	-	-	1,568	0%
Henry Askin[1]	2013	41,667	8,687	3,750	-	-	99,990	154,094	65%
	2012	84,000 and 112,500[10]	3,787	9,450	-	-	-	209,737	0%
Richard Faull[2]	2013	-	-	-	-	-	-	-	-
	2012	60,000	3,787	6,750	-	-	-	70,537	0%
Edmund Babington[3]	2013	-	-	-	-	-	-	-	-
	2012	-	550	-	-	-	-	550	0%
Sub-total	2013	271,667	33,932	10,125	-	-	246,129	561,853	44%
	2012	328,975	12,699	17,190	-	-	-	358,864	0%
Executive Directors and Other Key Management Personnel									
Richard Cottee[11]	2013	577,785	5,255	21,630	-	3,377	1,784,181	2,392,228	75%
	2012	282,780	93	-	-	113	-	282,986	0%
Michael Herrington[9]	2013	380,339	9,744	24,229	-	2,067	69,224	485,603	14%
	2012	1,475	93	-	-	-	-	1,568	0%
Daniel White	2013	433,139	5,255	30,150	-	9,951	-	478,495	0%
	2012	370,660	3,787	25,000	-	6,174	55,451	461,072	12%
Bruce Elsholz	2013	267,852	5,255	22,385	-	9,598	-	305,090	0%
	2012	234,911	3,787	19,602	-	4,239	36,254	298,793	12%
Leon Devaney[5]	2013	175,180	3,398	15,766	-	1,133	-	195,477	0%
	2012	-	-	-	-	-	-	-	-
Dalton Hallgren[6]	2013	247,126	3,095	18,388	-	(1,551)	9,461	276,519	3%
	2012	229,303	2,303	18,893	-	1,551	66,665	318,715	21%
Trevor Shortt[7]	2013	306,339	5,241	29,700	-	(2,171)	20,086	359,195	6%
	2012	287,662	3,206	23,256	-	2,171	110,056	426,351	26%
John Heugh[8]	2013	-	-	-	-	-	-	-	-
	2012	309,355	3,694	29,930	84,375	(2,647)	-	424,707	0%
Sub-total	2013	2,387,760	37,243	162,248	-	22,404	1,882,952	4,492,607	42%
	2012	1,716,146	16,963	116,681	84,375	11,601	268,426	2,214,192	12%
Total Remuneration	**2013**	**2,659,427**	**71,175**	**172,373**	**-**	**22,404**	**2,129,081**	**5,054,460**	42%
	2012	**2,045,121**	**29,662**	**133,871**	**84,375**	**11,601**	**268,426**	**2,573,056**	11%

[1] Retired 30 November 2012
[2] Resigned 22 June 2012
[3] Appointed 17 February 2012 and resigned 10 April 2012
[4] Represents directors and officers insurance premiums and fringe benefit taxes
[5] Appointed 6 November 2012
[6] Resigned 31 January 2013
[7] Resigned 29 June 2013
[8] Removed 22 June 2012
[9] Appointed as Executive Director 29 January 2012
[10] Payment to director related entity Askin Nominees Pty Ltd for the provision of Executive Services provided during the period 26 March 2012 to 5 June 2012
[11] Freestone Energy Partners Pty Ltd ("FEP") have provided the services of Richard Cottee on the basis of a secondment. As such compensation is made to FEP in line with Richard Cottee's service agreement shown on page 28. Richard Cottee has a 50% beneficial equity interest in FEP.

Details of remuneration (continued)

The fair values of options granted during 2013 were calculated at the dates of grant using a Binomial valuation model. The values are allocated to each reporting period evenly over the period from grant date to vesting date.

The values disclosed for 2013 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 at grant date:

Grant date	*Expiry date*	*Fair value per option*	*Exercise price*	*Price of shares at grant date*	*Estimated volatility*	*Risk free interest rate*	*Dividend yield*
19 Jul 12	15 Nov 15	$0.047	$0.09	$0.125	60% to 90%	2.73%	-
19 Jul 12	15 Nov 17	$0.054	$0.09	$0.125	60% to 90%	2.77%	-
19 Jul 12	15 Nov 17	$0.049	$0.09	$0.125	60% to 90%	2.77%	-
29 Nov 12	15 Nov 15	$0.077	$0.09	$0.155	50% to 80%	2.73%	-
29 Nov 12	15 Nov 17	$0.084	$0.09	$0.155	50% to 80%	2.77%	-
29 Nov 12	15 Nov 17	$0.080	$0.09	$0.155	50% to 80%	2.77%	-
30 Nov 11	30 Nov 16	$0.024	$0.095	$0.057	70.04%	3.38%	-
30 Aug 11	30 Aug 16	$0.035	$0.115	$0.066	92.16%	3.99%	-

The values disclosed for 2012 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 at grant date:

Grant date	*Expiry date*	*Fair value per option*	*Exercise price*	*Price of shares at grant date*	*Estimated volatility*	*Risk free interest rate*	*Dividend yield*
19 Aug 11	19 Aug 16	$0.034	$0.115	$0.065	92.06%	3.74%	-
30 Aug 11	30 Aug 16	$0.035	$0.115	$0.066	92.16%	3.99%	-
15 Nov 11	15 Nov 16	$0.025	$0.095	$0.057	72.93%	3.60%	-
30 Nov 11	30 Nov 16	$0.024	$0.095	$0.057	70.04%	3.38%	-

Table 2: Share based 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 %
Non-Executive Directors								
Andrew Whittle	2013	4,500,000	29 Nov 12	$0.080	$0.090	15 Nov 15 and 15 Nov 17	1,500,000	33%
	2012	-	-	-	-	-	-	-
William Dunmore	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Wrixon Gasteen	2013	5,000,000	29 Nov 12	$0.080	$0.090	15 Nov 15 and 15 Nov 17	1,666,666	33%
	2012	-	-	-	-	-	-	-
Henry Askin[1]	2013	6,500,000	29 Nov 12	$0.080	$0.090	15 Nov 15 and 15 Nov 17	2,166,666	33%
	2012	-	-	-	-	-	-	-
Richard Faull[2]	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Edmund Babington[3]	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Executive Directors and Other Key Management Personnel								
Richard Cottee	2013	172,922,033[9]	19 Jul 12	$0.050	$0.090	15 Nov 15 and 15 Nov 17	48,418,169	28%
	2012	-	-	-	-	-	-	-
Michael Herrington[4]	2013	4,500,000	29 Nov 12	$0.080	$0.090	15 Nov 15 and 15 Nov 17	1,500,000	33%
	2012	-	-	-	-	-	-	-
Daniel White	2013	-	-	-	-	-	-	-
	2012	1,550,000	19 Aug 11 and 15 Nov 11	$0.029	$0.010	19 Aug 16 and 15 Nov 16	2,550,000	56%
Bruce Elsholz	2013	-	-	-	-	-	-	-
	2012	1,000,000	19 Aug 11	$0.034	$0.115	19 Aug 16	1,666,668	55%
Leon Devaney[5]	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Dalton Hallgren[6]	2013	-	-	-	-	-	-	-
	2012	4,000,000	30 Nov 11	$0.024	$0.095	30 Nov 16	2,000,000	50%
Trevor Shortt[7]	2013	-	-	-	-	-	-	-
	2012	4,000,000	30 Aug 11	$0.033	$0.115	30 Aug 16	2,000,000	50%
John Heugh[8]	2013	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-
Total compensation options	2013	**193,422,033**					**55,251,501**	29%
	2012	**10,550,000**					**8,216,668**	78%

[1] Retired 30 November 2012
[2] Resigned 22 June 2012
[3] Appointed 17 February 2012 and resigned 10 April 2012
[4] Appointed as Executive Director 29 January 2012
[5] Appointed 6 November 2012
[6] Resigned 31 January 2013
[7] Resigned 29 June 2013
[8] Removed 22 June 2012
[9] Freestone Energy Partners Pty Ltd ("FEP") have provided the services of Richard Cottee on the basis of a secondment. As such compensation is made to FEP in line with Richard Cottee's service agreement shown on page 28. Richard Cottee has a 50% beneficial equity interest in FEP.

Details of remuneration (continued)

Table 3: Options granted as part of remuneration

2013	Value of options granted during the year ($)	Value of options lapsed during the year ($)	Remuneration consisting of options for the year (%)
Non-Executive Directors			
Andrew Whittle	361,500	-	41%
William Dunmore	-	-	-
Wrixon Gasteen	401,666	-	49%
Henry Askin[1]	522,166	-	68%
Richard Faul[2]	N/A	N/A	N/A
Edmund Babington[3]	N/A	N/A	N/A
Executive Directors and Other Key Management Personnel			
Richard Cottee	8,653,019	-	75%
Michael Herrington	361,500	-	15%
Bruce Elsholz	-	-	-
Daniel White	-	-	-
Leon Devaney[4]	-	-	-
Dalton Hallgren[5]	-	-	3%
Trevor Shortt[6]	-	-	6%
John Heugh[7]	N/A	N/A	N/A

2012	Value of options granted during the year ($)	Value of options lapsed during the year ($)	Remuneration consisting of options for the year (%)
Non-Executive Directors			
Andrew Whittle	-	-	-
William Dunmore	-	-	-
Wrixon Gasteen	-	-	-
Henry Askin	-	-	-
Richard Faull	-	-	-
Edmund Babington	-	-	-
Executive Directors and Other Key Management Personnel			
Richard Cottee	-	-	-
Michael Herrington	-	-	-
Bruce Elsholz	34,206	-	12%
Daniel White	48,299	-	12%
Dalton Hallgren	90,743	-	21%
Trevor Shortt	132,303	-	26%
John Heugh	-	-	-

[1] Retired 30 November 2012
[2] Resigned 22 June 2012
[3] Appointed 17 February 2012 and resigned 10 April 2012
[4] Appointed 6 November 2012
[5] Resigned 31 January 2013
[6] Resigned 29 June 2013
[7] Removed 22 June 2012

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

Details of remuneration (continued)

Table 4: Shareholdings of key management personnel

	Held at beginning of year	Held at date of appointment	Share purchase plan issue	Received on exercise of options	Net change other	Held at date of departure	Held at end of year
Non-Executive Directors							
Andrew Whittle							
2013	400,000	N/A	-	-	268,397	-	668,397
2012	N/A	-	-	-	400,000	N/A	400,000
William Dunmore							
2013	776,666	N/A	-	-	142,045	N/A	918,711
2012	766,666	N/A	-	-	-	N/A	776,666
Wrixon Gasteen							
2013	-	N/A	-	-	520,000	N/A	520,000
2012	N/A	-	-	-	-	N/A	-
Henry Askin [1]							
2013	3,872,728	N/A	-	-	-	3,872,728	N/A
2012	3,600,000	N/A	272,728	-	-	N/A	3,872,728
Executive Directors and Other Key Management Personnel							
Richard Cottee							
2013	-	N/A	-	-	1,043,415	N/A	1,043,415
2012	N/A	-	-	-	-	N/A	-
Michael Herrington							
2013	-	N/A	-	-	1,000,000	N/A	1,000,000
2012	N/A	-	-	-	-	N/A	-
Daniel White							
2013	1,440,000	N/A	-	-	-	N/A	1,440,000
2012	1,440,000	N/A	-	-	-	N/A	1,440,000
Bruce Elsholz							
2013	-	N/A	-	-	-	N/A	-
2012	-	N/A	-	-	-	N/A	-
Leon Devaney							
2013	N/A	-	-	-	550,000	N/A	550,000
2012	-	N/A	-	-	-	N/A	-

[1] *retired 30 November 2012*

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 date of departure	Held at end of year
Non-Executive Directors						
Andrew Whittle						
2013	-	-	4,500,000	-	N/A	4,500,000[2]
2012	N/A	-	-	-	N/A	-
William Dunmore						
2013	1,400,000	-	-	-	N/A	1,400,000[8]
2012	3,400,000	-	-	(2,000,000)	N/A	1,400,000
Wrixon Gasteen						
2013	-	-	5,000,000	-	N/A	5,000,000[3]
2012	N/A	-	-	-	N/A	-
Henry Askin[1]						
2013	3,340,000	-	6,500,000	-	9,840,000[4]	N/A
2012	5,340,000	-	-	(2,000,000)	N/A	3,340,000

	Held at beginning of year	Options exercised	Granted as remuneration	Net change other	Held at date of departure	Held at end of year
Executive Directors and Other Key Management Personnel						
Richard Cottee						
2013	-	-	172,922,033	-	N/A	172,922,033[9]
2012	N/A	-	-	-	N/A	-
Michael Herrington						
2013	-	-	4,500,000	-	N/A	4,500,000[2]
2012	N/A	-	-	-	N/A	-
Daniel White[5]						
2013	4,646,000	-	-	-	N/A	4,646,000[8]
2012	3,096,000	-	1,550,000	-	N/A	4,646,000
Bruce Elsholz[6]						
2013	3,000,000	-	-	-	N/A	3,000,000[8]
2012	2,000,000	-	1,000,000	-	N/A	3,000,000
Leon Devaney[7]						
2013	N/A	-	-	-	N/A	-
2012	N/A	N/A	N/A	N/A	N/A	N/A

[1] retired 30 November 2012
[2] 1,500,000 have vested at 30 June 2013
[3] 1,666,666 have vested at 30 June 2013
[4] 5,506,666 have vested at 30 June 2013
[5] 3,666,667 options were issued 10 July 2013
[6] 2,850,000 options were issued 10 July 2013
[7] 2,800,000 options were issued 10 July 2013
[8] all options had vested and were excercisable at the end of the year
[9] 172,922,033 unlisted options exercisable at $0.09 on or before 15 November 2015 and 15 November 2017 were issued to FEP on 8 August 2012, a company in which Richard Cottee has a 50% beneficial equity interest. At 30 June 2013; 48,418,169 have vested.

Details of remuneration (continued)

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

Executive	2013 Holding at end of year	2013 Vested during the year	2013 Exercisable at end of year	2012 Holding at end of year	2012 Vested during the year	2012 Exercisable at end of year
Executive Directors and Other Key Management Personnel						
Richard Cottee	172,922,033	48,418,169	48,418,169	-	-	-
Michael Herrington	4,500,000	1,500,000	1,500,000	-	-	-
Daniel White	4,646,000	-	4,646,000	4,646,000	2,550,000	4,646,000
Bruce Elsholz	3,000,000	-	3,000,000	3,000,000	1,666,668	3,000,000
Leon Devaney	-	-	-	-	-	-

For each grant of options included in the tables 1 to 5 above, the percentage of the grant that was vested in the financial year and the percentage that was forfeited because the person did not meet the performance or service criteria are set out below. The options vest over a range of time frames provided the vesting conditions are met. No options will vest if the conditions are not satisfied (refer page 20), hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

Name	Share based compensation benefits (options) Year Granted	Vested %	Forfeited %	Financial years in which options may vest	Maximum value of grant yet to vest $
Andrew Whittle	2013	33	-	2014 to 2017	292,276
William Dunmore	2009	100	-	-	-
	2008	100	-	-	-
Wrixon Gasteen	2013	33	-	2014 to 2017	324,751
Henry Askin	2013	33	-	2014 to 2017	422,176
	2008	100	-	-	-
	2009	100	-	-	-
Richard Cottee	2013	28	-	2014 to 2017	6,868,838
Michael Herrington	2013	33	-	2014 to 2017	292,276
Daniel White	2012	100	-	-	-
	2010	100	-	-	-
Bruce Elsholz	2012	100	-	-	-
	2010	100	-	-	-

Service agreements

The details of service agreements of the key management personnel of the Consolidated Entity are as follows:

Richard Cottee, Managing Director and Chief Executive Officer

- Mr Cottee is seconded under an Intercompany Services Agreement with Freestone Energy Partners Pty Ltd ("FEP").
- The term of the agreement expires 29 June 2015;
- The Company pays FEP $516,470 per annum for Mr Cottee's services.
- Termination is not applicable for the initial term of the secondment, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

Mike Herrington, Executive Director and Chief Operating Officer

- The term of the agreement expires 28 January 2016;
- Mr Herrington's base salary is presently $452,500 per annum. In addition, superannuation at 9.25% is applicable. The salary is reviewed annually.
- In order to terminate employment, a 3 month period of notice is required by either party, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

Bruce Elsholz, Chief Financial Officer and Company Secretary

- The term of the agreement expires 30 August 2017;
- Mr Elsholz's base salary is presently $287,000 per annum. In addition, superannuation at 9.25% is applicable. The salary is reviewed annually.
- In order to terminate employment, a 3 month period of notice is required by either party, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

Daniel White, Group General Counsel and Company Secretary

- The term of the agreement expires 29 November 2017;
- Mr White's base salary is presently $374,000 per annum. In addition, superannuation at 9.25% is applicable. The salary is reviewed annually.
- In order to terminate employment, a 3 month period of notice is required by either party, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

Leon Devaney, Chief Commercial Officer

- The term of the agreement expires 15 November 2015;
- Mr Devaney's base salary is presently $288,000 per annum. In addition, superannuation at 9.25% is applicable. The salary is reviewed annually.
- In order to terminate employment, a 3 month period of notice is required by either party, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

Dalton Hallgren, Chief Operating Officer

- Mr Hallgren resigned on 31 January 2013

Trevor Shortt, Exploration Manager

- Mr Shortt resigned on 29 June 2013

- **Service agreements *(continued)***

Directors

The Company has engaged all directors pursuant to written service agreements. 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. Mr Whittle, Chairman of the Board, receives a non-executive directors' fee of $95,000 per annum. Messrs Cottee, Herrington, Gasteen and Dunmore receive directors' fees of $65,000 per annum. Mr Gasteen receives an additional fee of $10,000 per annum for acting in his role as Chairman of the Audit Committee. Mr Whittle receives an additional fee of $5,000 per annum for his role as member of the Audit Committee. Messrs Cottee, Herrington and Dunmore each receive an additional fee of $5,000 for their role as members of the Nominations Committee. The directors also receive superannuation benefits except Messrs Gasteen and Dunmore, who reside outside of Australia.

Signed in accordance with a resolution of the Directors:

Richard Cottee – Managing Director, Brisbane 26 September, 2013

Auditor's Independence Declaration

As lead auditor for the audit of Central Petroleum Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Central Petroleum Limited and the entities it controlled during the period.

William P R Meston
Partner
PricewaterhouseCoopers

Perth
26 September 2013

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Introduction

The Company and the board are committed to achieving and demonstrating high standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The Group seeks to follow the best practice recommendations for listed companies to the extent that it is practicable.

The Company is required to disclose the extent to which it has not adopted the ASX Corporate Governance Principles and Recommendations. Set out below are the principal corporate governance practices of the Company along with the reasons for non-adoption of the recommendations (including 2010 Amendments) where applicable.

Principle 1: Lay solid foundations for management and oversight

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.

The board from time to time carries out the process of considering and determining relevant KPI's and other measures to evaluate the performance of its senior executives.

Principle 1.1 recommendations not currently adopted:

Recommendation		Explanation/ Reference
Rec 1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose the functions.	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 above.

Principle 2: Structure the board to add value

Structure and composition of the board

The board consists of five directors – two executive directors and three non–executive directors. 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 Chairman, Mr Whittle, is a non-executive director. The roles of chairman and the executive director are not exercised by the same individual as there is a clear division of responsibility between them.

Independence of non-executive directors and the chairman of the board

The board monitors the independence of each board member on a regular ongoing basis.

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

Although Messrs Dunmore, Whittle and Gasteen hold 918,711, 668,397 and 520,000 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.

Nominations Committee

The nominations committee consists of the following directors; Richard Cottee, Michael Herrington and William Dunmore.

Details of these directors' qualifications are set out in the directors' report.

The role of the Nominations Committee is to review Board composition, performance and Board succession planning.

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.

Term of office

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.

Independent professional advice

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.

Principle 2.5 recommendation is currently not adopted:

Recommendation		Explanation/ Reference
Rec 2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	Given the size and nature of the Company a formal process for performance evaluation has not yet been developed.

Principle 3: Promote ethical and responsible decision making

Ethical standards and code of conduct

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.

Share trading

The Company has adopted a Share Trading Policy 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 Trading Policy 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.

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.

Diversity

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. The Company has formulated a diversity policy, which can be viewed on its website.

At the end of the current reporting period there were 7 women in the whole organisation representing 27% of total employees. There were no women in senior executive or board positions.

Principle 4: Safeguard integrity in financial reporting

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 its performance 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.

Financial reporting

Monthly results are circulated to the board of directors and Chief Financial Officer for review. Rolling cash flow forecasts are prepared on a regular basis. Exploration expenditure is measured against approved programme budgets.

Audit committee

The board has established an audit committee which consists of the following non-executive directors:

Wrixon Gasteen (Chair)
Andrew Whittle

Details of these directors' qualifications are set out in the directors' report.

The audit committee operates in accordance with a charter which is available on the Company's website.

External Auditors

The Company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed regularly. PwC was appointed auditor for the first time for the financial year ended 30 June 2011. It is PwC's policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in note 5 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5: Make timely and balanced disclosure

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.

Principle 5.1 recommendation is currently not adopted:

Recommendation		Explanation/ Reference
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.	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.

Principle 6: Respect the rights of shareholders

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.

Information disclosed to the Australian Securities Exchange ("ASX") is available to shareholders via the ASX website. In addition various reports and announcements are made available on the Company's website where there is also an option for shareholders to register their email address for updates made by the Company from time to time. All shareholders are entitled to receive a copy of the Company's annual and half-yearly reports and these reports are also made available on the Company's website.

Principle 7: Recognise and manage risk

The board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the audit committee for review by the full board.

The audit committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In providing this oversight they review and obtain reasonable assurance that the financial risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information.

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:

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.

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.

The Board receives regular reports about the financial condition and operating results of the Group. The Managing Director and Chief Financial Officer annually provide a declaration in the form required by section 295A of the Corporations Act.

Principle 7.1 and 7.2 recommendations not complied with:

Recommendation		Explanation/ Reference
Rec 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	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.	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.

Principle 8: Remunerate fairly and responsibly

On matters of remuneration, the board has policies that were established to review the remuneration policies and practices of the Company to ensure that it remunerates fairly and responsibly.

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 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, except for Richard Cottee whose services are provided to the Company by a secondment arrangement under an Intercompany Services Agreement with Freestone Energy Partners Pty Ltd. A summary of the Executive Director's employment agreement is set out in the remuneration report.

Principle 8 recommendations not currently adopted:

Recommendation		Explanation/ Reference
Rec 8.1	The board should establish a remuneration committee.	The Company currently does not have a remuneration committee. Remuneration matters are reviewed and approved by the board as a whole. Disclosure of the Company's remuneration policy is set out above.

Contents

Page

Financial statements

These financial statements are the consolidated financial statements of the Consolidated Entity consisting of Central Petroleum Limited and its subsidiaries. The financial statements are presented in Australian currency.

Central Petroleum Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

56-58 Jephson Street
Toowong
Queensland 4066

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 7 to 18 and in the directors' report on page 7, both of which are not part of these financial statements.

The financial statements were authorised for issue by the directors on 26 September 2012. The directors have the power to amend and reissue the financial statements.

Through the use of the internet we have ensured that our corporate reporting is timely and complete. Press releases, financial reports and other information are available via the links on our website: www.centralpetroleum.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Other income	2	9,278,979	1,548,206
Share based employment benefits	28(c)	(2,168,210)	(705,904)
General and administrative expenses	3	(5,274,931)	(4,683,915)
Depreciation & amortisation	3	(456,880)	(317,327)
Employee benefits and associated costs		(3,666,321)	(3,460,947)
Exploration expenditure		(6,977,912)	(18,715,972)
Finance costs	3	(18,118)	(22,309)
Loss before income tax		(9,283,393)	(26,358,168)
Income tax expense	4	-	-
Loss for the year	18	(9,283,393)	(26,358,168)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year		(9,283,393)	(26,358,168)
Total comprehensive loss attributable to members of the parent entity		**(9,283,393)**	**(26,358,168)**
Basic and diluted loss per share (cents)	19	(0.66)	(2.28)

The accompanying notes form part of these financial statements.

Central Petroleum Limited
ABN 72 083 254 308

Consolidated balance sheet
as at 30 June 2013

	Note	2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	6	1,308,307	12,105,232
Trade and other receivables	7	6,934,816	1,578,759
Inventories	8	975,281	1,051,440
Total current assets		9,218,404	14,735,431
Non-current assets			
Property, plant and equipment	9	1,285,300	1,780,765
Exploration assets	10	16,702,228	10,488,500
Intangible assets	11	29,294	51,785
Other financial assets	12	1,854,620	1,318,941
Total non-current assets		19,871,442	13,639,991
Total assets		**29,089,846**	**28,375,422**
LIABILITIES			
Current liabilities			
Trade and other payables	13	3,332,034	3,727,627
Provisions	14	952,179	361,027
Total current liabilities		4,284,213	4,088,654
Non-current liabilities			
Provisions	15	159,709	82,960
Total non-current liabilities		159,709	82,960
Total liabilities		**4,443,922**	**4,171,614**
Net assets		**24,645,924**	**24,203,808**
EQUITY			
Contributed equity	16	130,258,022	122,700,723
Reserves	17	10,132,939	7,964,729
Accumulated losses	18	(115,745,037)	(106,461,644)
Total equity		**24,645,924**	**24,203,808**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity $	Reserves $	Accumulated Losses $	Total $
Total equity at 1 July 2011	**99,105,548**	**6,893,100**	**(80,103,476)**	**25,895,172**
Total loss for the year	-	-	(26,358,168)	(26,358,168)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	-	-	(26,358,168)	(26,358,168)
Transactions with owners in their capacity as owners				
Share based payments	-	705,904	-	705,904
Share based capital raising costs	-	365,725	-	365,725
Share and option issues	25,959,860	-	-	25,959,860
Share issue costs	(2,364,685)	-	-	(2,364,685)
	23,595,175	1,071,629	-	24,666,804
Balance at 30 June 2012	**122,700,723**	**7,964,729**	**(106,461,644)**	**24,203,808**
Total loss for the year	-	-	(9,283,393)	(9,283,393)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	-	-	(9,283,393)	(9,283,393)
Transactions with owners in their capacity as owners				
Share based payments	-	2,168,210	-	2,168,210
Share and option issues	7,560,206	-	-	7,560,206
Share issue costs	(2,907)	-	-	(2,907)
	7,557,299	2,168,210	-	9,725,509
Balance at 30 June 2013	**130,258,022**	**10,132,939**	**(115,745,037)**	**24,645,924**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Interest received		140,500	548,410
GST refunds received		1,172,145	4,238,151
Other income		2,488,000	9,774
Interest paid		(18,117)	(22,309)
Payments to suppliers and employees (inclusive of GST)		(15,934,994)	(26,003,505)
Net cash outflow from operating activities	24	(12,152,466)	(21,229,479)
Cash flows from investing activities			
Payments for property, plant and equipment		(642,300)	(1,183,943)
Payments for exploration assets		(500,000)	-
Proceeds from sale of investments		1,800,000	-
Redemption of security deposits and bonds		56,460	1,093,805
Net cash inflow/(outflow) from investing activities		714,160	(90,138)
Cash flows from financing activities			
Proceeds from the issue of shares, bonds and options		671,413	25,959,860
Payments for share issue and listing costs		(30,032)	(1,998,960)
Net cash inflow from financing activities		641,381	23,960,900
Net (decrease)/increase in cash and cash equivalents		**(10,796,925)**	**2,641,283**
Cash and cash equivalents at the beginning of the financial year		**12,105,232**	**9,463,949**
Cash and cash equivalents at the end of the financial year	6	**1,308,307**	**12,105,232**
Non-cash financing and investing activities	25		

The accompanying notes form part of these financial statements.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Central Petroleum Limited ("the Company") and its subsidiaries (collectively "the Group" or "Consolidated Entity").

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001. Central Petroleum Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Going concern

The consolidated financial statements of the Group have been prepared on a going concern basis, which contemplates continuity of business activities and realisation of assets and the settlement of liabilities in the ordinary course of business. For the year ended 30 June 2013 the Group incurred a loss before tax of $9,283,393 (2012: $26,358,168) and a cash outflow from operating activities of $12,152,466 (2012: $21,229,479).

As at 30 June 2013 the Group had cash assets amounting to $1,308,307. Cash inflows of $16,601,350 were received in July 2013 including $10,000,000 from a share placement and $5,887,231 from Australian Tax Office for a research and development refund. The Group expects that current cash on hand will be sufficient to cover minimum cash requirements for the period until 12 months from the signing date of this report. Accordingly the financial statements have been prepared on a going concern basis.

The directors, therefore, are of the opinion that no asset is likely to be realised for an amount less than the amount it is recorded in the financial report at 30 June 2013. Accordingly no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(ii) Compliance with IFRS

The consolidated financial statements of the Central Petroleum Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(iii) Early adoption of standards

The Group has not applied any pronouncements to the annual reporting period beginning on 1 July 2012 where such application would result in them being applied prior to them becoming mandatory.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(v) 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 circumstances, 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 are required in the following areas:

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 makes provision for future restoration expenditure relating to work previously undertaken based on management's estimation of the work required.

1. Summary of significant accounting policies *(continued)*

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 a model to value options, which requires estimates and judgements to quantify the inputs used by the model.

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.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Central Petroleum Limited ('Company' or 'Parent Entity') as at 30 June and the results of all subsidiaries for the year then ended. Central Petroleum Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

The acquisition method is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non controlling interests (if applicable) in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Joint Ventures

The proportionate interests in the assets, liabilities, revenue and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is Central Petroleum Limited's functional currency and presentation currency.

1. Summary of significant accounting policies *(continued)*

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(e) Revenue recognition

(i) Interest Income

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

(ii) Government grants

Grants from the government, including research and development concessions, are recognised at their fair value where there is a reasonable assurance that the grant or refund will be received and the Group has or will comply with any conditions attaching to the grant or refund.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where entities in the Group generate taxable income.
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and

tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Central Petroleum Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1. Summary of significant accounting policies *(continued)*

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. 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.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 27). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts (if applicable) are shown within borrowings in current liabilities in the balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

1. Summary of significant accounting policies *(continued)*

(k) Inventories

Inventories comprise hydrocarbon stocks, drilling materials and spare parts and are valued at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on a first in first out cost basis. Cost of inventory includes the purchase price after deducting any rebates and discounts, as well as any associated freight charges.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(l) Other financial assets

Classification
The Group's financial assets consist of loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 7) and other financial assets (note 12) in the balance sheet. Amounts paid as performance bonds or amounts held as security for bank guarantees in satisfaction of performance bonds are classified as other financial assets.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(m) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. 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 profit or loss.

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

Class of Fixed Asset	***Expected useful life***
Buildings	40 years
Leasehold Improvements	2 – 6 years
Plant and Equipment	2 – 10 years
Motor Vehicles	5 – 10 years

1. Summary of significant accounting policies *(continued)*

(n) Exploration expenditure

Exploration and evaluation costs are expensed as incurred. Acquisition costs of rights to explore 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 these costs 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.

(o) Intangible assets

(i) Software

Costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

(ii) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 5 years.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Provisions

Provisions for legal claims, restoration, and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1. Summary of significant accounting policies *(continued)*

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees (including directors) by Central Petroleum Limited.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. Summary of significant accounting policies *(continued)*

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the exercise of all dilutive potential ordinary shares.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(w) Parent entity financial information

The financial information for the parent entity, Central Petroleum Limited, disclosed in note 21, has been prepared on the same basis as the consolidated financial statements except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Central Petroleum Limited.

(ii) Tax consolidation legislation

Central Petroleum Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Central Petroleum Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts where recognition of such is permitted under accounting standards. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Central Petroleum Limited also recognises the current tax liabilities or assets and the deferred tax assets arising from unused tax losses from controlled entities, where permitted to recognise such assets under accounting standards.

1. Summary of significant accounting policies *(continued)*

(x) Standards, amendments and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 , AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (effective for annual reporting periods beginning on or after 1 January 2015)*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the Group does not expect the new standard to have an impact on its classification or measurement of the Group's accounting for financial assets.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the group does not have any such liabilities.

(ii) *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards - Transition guidance and other Amendments (effective 1 January 2013)*

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation however the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While the group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

As at 30 June 2013, the Group accounts for joint arrangements by recognising in its financial statements its share of the assets, liabilities and expenses of the joint venture in accordance with AASB 131. These joint arrangements will be classified as joint operations based on AASB 11 and the application of this new standard from 1 July 2013 will not have any impact on the amounts recognised in the financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

The group will adopt the new standards from their operative date. They will therefore be applied in the financial statements for the annual reporting period ending 30 June 2014.

1. Summary of significant accounting policies *(continued)*

(x) Standards, amendments and interpretations (continued)

(iii) *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)*

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The group will adopt the new standard from its operative date, which means that it will be applied in the annual reporting period ending 30 June 2014.

(iv) *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)*

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The Corporations Act requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

	2013 $	2012 $

2. Other income

	2013 $	2012 $
Interest	234,170	529,248
Research and development refunds	5,799,252	996,324
Foreign exchange gains	-	4,995
Century legal claim settlement	1,500,260	-
Gain on sale of investment	1,744,796	-
Other	501	17,639
Total other income	**9,278,979**	**1,548,206**

3. Expenses

Loss before income tax includes the following specific expenses:

	2013 $	2012 $
Depreciation		
Buildings	844	820
Plant and equipment	432,695	278,782
Leasehold improvements	850	1,184
Total depreciation	434,389	280,786
Amortisation		
Software	22,491	36,541
Write off of property, plant and equipment [1]	503,703	9,297
Rental expense relating to operating leases – Minimum lease payments	1,127,274	466,003
Interest paid to suppliers and joint venture partners	18,118	22,309

[1] As at 30 June 2012 particular equipment in relation to Surprise-1 REH was paid for but not yet received. As such this equipment was capitalised as property, plant and equipment. Subsequently the supplier has not delivered the equipment and therefore the assets have been written off. As at the date of this report it is possible that any action undertaken by the Company will not result in recovery and consequently no receivable has been recognised as at 30 June 2013.

	2013 $	2012 $

4. Income tax

The Consolidated Entity is in a tax loss position and is not yet in a situation whereby it can satisfy AASB 112 for the recognition of its tax losses. Accordingly, no current or deferred income tax benefits have yet been brought to account.

(a) Income tax expense

	2013 $	2012 $
Current tax	-	-
Deferred tax	-	-
	-	**-**

(b) Numerical reconciliation of income tax expense and prima facie tax benefit

	2013 $	2012 $
Loss before income tax expense	(9,283,393)	(26,358,168)
Prima facie tax benefit at 30% (2012: 30%)	2,785,017	7,907,451
Tax effect of amounts which are not deductible in calculating taxable income:		
Depreciation on buildings	(253)	(246)
Non-deductible expenses	(2,553)	(5,321)
Share based payments	(650,463)	(321,489)
Movement in items of deferred tax not recognised:		
Provisions and accruals	(12,293)	(3,488)
Blackhole expenditure	55,493	(68,442)
Accrued income	5,709	5,749
Capitalised exploration expenditure	(497,280)	-
	1,683,377	7,514,214
Over provision in prior year	125,514	-
Deferred tax assets not recognised	(1,808,891)	(7,514,214)
Income tax expense	**-**	**-**

	2013 $	2012 $

4. Income tax *(continued)*

(c) Amounts recognised directly in equity
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:

	2013 $	2012 $
Net deferred tax – debited directly to equity	(417,463)	221,315
Deferred tax liabilities / (assets) not recognised	417,463	(221,315)
Net amounts recognised directly in equity	-	-

(d) Tax losses

	2013 $	2012 $
Unused tax losses for which no deferred tax asset has been recognised	121,551,151	114,127,211
Potential tax benefit @ 30%	36,465,345	34,238,163

(e) Deferred tax assets and liabilities

	2013 $	2012 $
Deferred tax assets		
Provisions	352,106	156,970
Blackhole expenditure	842,719	1,315,755
Undeducted losses	36,465,345	34,238,163
Total deferred tax assets before set-offs	37,660,170	35,710,888
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,949,752)	(3,147,281)
Net deferred tax assets not recognised	34,710,418	32,563,607
Deferred tax liabilities		
Accrued income	5,709	731
Capitalised exploration expenditure	2,944,043	3,146,550
Total deferred tax liabilities before set-offs	2,949,752	3,147,281
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,949,752)	(3,147,281)
Net deferred tax liabilities	-	-

	2013 $	2012 $

5. Remuneration of auditors

The following fees were paid or payable for services provided by PwC Australia, the auditor of the Company, its related practices and non-related audit firms:

	2013 $	2012 $
(i) Audit and other assurance services		
2013 Audit and review of financial statements	89,850	79,750
Under provision for 2012 audit and review of financial statements	14,484	14,345
	104,334	94,095
(ii) Taxation services		
Tax compliance	83,209	45,500
	83,209	45,500
(iii) Other services		
EGM related costs	-	6,500
TSX listing consulting & advice	-	30,000
Remuneration benchmarking	12,500	-
Forensic services	20,240	-
	32,740	36,500
Total remuneration of PwC	**220,283**	**176,095**

6. Cash and cash equivalents

	2013 $	2012 $
Cash at bank and in hand	**1,308,307**	**12,105,232**

Risk exposure

The Group's exposure to interest rate risk is discussed in Note 29. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and cash equivalents.

	2013 $	2012 $

7. Trade and other receivables

	2013 $	2012 $
Current		
Research and development refund from Australian Tax Office	5,887,231	987,023
Other receivables	888,429	79,353
GST receivables	34,513	296,945
Prepayments	124,643	215,438
	6,934,816	**1,578,759**

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in Note 29.

8. Inventories

	2013 $	2012 $
Crude oil	-	76,159
Drilling materials and supplies at cost	975,281	975,281
	975,281	**1,051,440**

9. Property, plant and equipment

	Freehold Land $	Freehold Buildings $	Plant and equipment $	Leasehold Improvements $	Total $
Year ended 30 June 2012					
Opening net book amount	230,000	186,666	408,703	2,989	828,358
Additions	-	9,495	1,294,406	800	1,304,701
Disposals and write offs	-	-	(71,508)	-	(71,508)
Depreciation charge	-	(820)	(278,782)	(1,184)	(280,786)
Closing net book amount	**230,000**	**195,341**	**1,352,819**	**2,605**	**1,780,765**
At 30 June 2012					
Cost	230,000	200,947	2,100,231	13,470	2,544,648
Accumulated depreciation	-	(5,606)	(747,412)	(10,865)	(763,883)
Net book amount	**230,000**	**195,341**	**1,352,819**	**2,605**	**1,780,765**

9. Property, plant and equipment *(continued)*

	Freehold Land $	Freehold Buildings $	Plant and equipment $	Leasehold Improvements $	Total $
Year ended 30 June 2013					
Opening net book amount	230,000	195,341	1,352,819	2,605	1,780,765
Additions	-	-	442,627	-	442,627
Disposals and write offs	-	-	(503,703)[1]	-	(503,703)
Depreciation charge	-	(844)	(432,695)	(850)	(434,389)
Closing net book amount	**230,000**	**194,497**	**859,048**	**1,755**	**1,285,300**
At 30 June 2013					
Cost	230,000	200,947	2,039,155	13,470	2,483,572
Accumulated depreciation	-	(6,450)	(1,180,107)	(11,715)	(1,198,272)
Net book amount	**230,000**	**194,497**	**859,048**	**1,755**	**1,285,300**

[1] As at 30 June 2012 particular equipment in relation to Surprise-1 REH was paid for but not yet received. As such this equipment was capitalised as property, plant and equipment. Subsequently the supplier has not delivered the equipment and therefore the assets have been written off. As at the date of this report it is possible that any action undertaken by the Company will not result in recovery and consequently no receivable has been recognised as at 30 June 2013.

	2013 $	2012 $
10. Exploration assets		
Acquisition costs of rights to explore	**16,702,228**	**10,488,500**
Movements for the year:		
Balance at the beginning of the year	10,488,500	10,488,500
Expenditure incurred during the year	7,388,793	-
Expenditure written off during the year	(1,657,600)	-
Restoration asset provided for during the year	482,535	-
Balance at the end of the year	**16,702,228**	**10,488,500**

	2013 $	2012 $

11. Intangible assets

	2013 $	2012 $
Software		
At the beginning of the year		
Cost	270,373	264,456
Accumulated amortisation	(218,588)	(192,050)
Net book value	51,785	72,406
Movements for the year:		
Opening net book amount	51,785	72,406
Additions	-	16,803
Disposals, write offs and other adjustments	-	(883)
Amortisation	(22,491)	(36,541)
Closing net book amount	29,294	51,785
At the end of the year		
Cost	270,373	270,373
Accumulated amortisation	(241,079)	(218,588)
Net book value	**29,294**	**51,785**

12. Other financial assets

	2013 $	2012 $
Security bonds on exploration permits	**1,854,620**	**1,318,941**

Security bonds are provided to State or Territory governments in respect of certain performance obligations arising from awarded petroleum and mineral tenements. The bonds are typically provided as cash or as bank guarantees in favour of the State or Territory government secured by term deposits with the financial institution providing the bank guarantee.

13. Trade and other payables

	2013 $	2012 $
Trade payables	2,572,419	3,583,832
Other payables	759,615	143,795
	3,332,034	**3,727,627**

Trade payables are usually non-interest bearing provided payment is made within the terms of credit. The consolidated entity's exposure to liquidity and currency risks related to trade and other payables is disclosed in Note 29.

		2013 $	2012 $

14. Current liabilities - Provisions

Restoration and rehabilitation	(a)	542,535	60,000
Employee entitlements	(b)	358,324	301,027
Onerous contracts	(c)	51,320	-
		952,179	**361,027**

(a) Movements in restoration and rehabilitation provision

Carrying amount at start of year		60,000	60,000
Provision made during the year	10	482,535	-
Carrying amount at end of year		**542,535**	**60,000**

Provisions for future removal and restoration costs are recognised where there is a present obligation as a result of exploration, extended production testing, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas.

(b) Movements in employee entitlements

Carrying amount at start of year	301,027	326,128
Provision made during the year	57,297	25,101
Carrying amount at end of year	**358,324**	**301,027**

The current provision for employee entitlements includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service. The amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement for these obligations. However, based on past experience the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months.

Leave obligations expected to be settled after 12 months	**128,714**	**71,298**

(c) Onerous contracts

A provision for onerous contracts was recognised during the year in respect of operating lease commitments on the Perth office.

15. Non-current liabilities - Provisions

Employee entitlements – long service leave	85,747	82,960
Onerous contracts	73,962	**-**
	159,709	**82,960**

16. Contributed equity

(a) Share Capital

1,440,078,845 (2012: 1,383,376,265) fully paid ordinary shares	**130,258,022**	**122,700,723**

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

16. Contributed equity *(continued)*

(b) Movements in ordinary share capital

	Number of shares		$	$
	2013	**2012**	**2013**	**2012**
Balance at start of year	1,383,376,265	982,298,842	122,700,723	99,105,548
Exercise of listed options at 16 cents per share	2,580	6,000	413	960
Exercise of unlisted options at 9.5c cents per share	4,400,000	-	418,000	-
Exercise of unlisted options at 11c cents per share	2,300,000	-	253,000	-
Placement of shares to sophisticated investors on 21 September 2011 at 5.5 cents	-	91,000,000	-	5,005,000
Share purchase plan placement of shares to existing shareholders on 3 February 2012 at 5.5 cents	-	130,071,423	-	7,153,900
Placement of shares to sophisticated investors on 3 February 2012 at 5.5 cents	-	50,000,000	-	2,750,000
Placement of shares to institutional investors on 4 April 2012 at 5.5 cents	-	130,000,000	-	11,050,000
Issue of 50m ordinary shares at 13.8c in exchange for the remaining interest in EP97 from Rawson Resources Ltd	50,000,000	-	6,888,793	-
Capital raising costs	-	-	(2,907)	(2,364,685)
	1,440,078,845	**1,383,376,265**	**130,258,022**	**122,700,723**

(c) 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
19 July 2012	Unlisted consulting options[1]	15 Nov 2015	$0.09	48,418,169
19 July 2012	Unlisted consulting options[1]	15 Nov 2017	$0.09	124,503,864
29 Nov 2012	Unlisted director options	15 Nov 2015	$0.09	6,833,332
29 Nov 2012	Unlisted director options	15 Nov 2017	$0.09	13,666,668

[1] 172,922,033 unlisted options exercisable at $0.09 on or before 15 November 2015 and 15 November 2017 were issued to FEP on 8 August 2012, a company in which Richard Cottee has a 50% beneficial equity interest.

(d) 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	$0.160	2,580
Unlisted employee options	20 Jul 2016	$0.110	2,300,000
Unlisted employee options	15 Nov 2016	$0.095	1,400,000
Unlisted employee options	30 Nov 2016	$0.095	3,000,000

16. Contributed equity (continued)

(e) 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[1]	12 May 2016	$0.120	100,000
Unlisted employee options[1]	30 Nov 2016	$0.095	1,000,000

[1] options forfeited during the year

(f) Unissued shares under option

At year end, options over unissued ordinary shares of the Company are as follows:

Class	Expiry Date	Exercise Price	Number of Options
Listed options (CTPO)	31 Mar 2014	$0.160	302,873,376
Unlisted employee options	31 Mar 2014	$0.200	8,366,666
Unlisted director options	31 Mar 2014	Various	7,500,000
Unlisted shareholder options	31 Mar 2015	$0.125	65,000,000
Unlisted employee options	31 May 2015	$0.122	6,340,000
Unlisted employee options	31 Oct 2015	$0.110	600,000
Unlisted consulting options	15 Nov 2015	$0.090	48,418,169
Unlisted director options	15 Nov 2015	$0.090	6,833,332
Unlisted employee options	12 May 2016	$0.120	200,000
Unlisted employee options	20 Jul 2016	$0.110	3,346,665
Unlisted employee options	19 Aug 2016	$0.115	2,000,000
Unlisted employee options	30 Aug 2016	$0.115	4,000,000
Unlisted employee options	15 Nov 2016	$0.095	11,593,335
Unlisted employee options	30 Nov 2016	$0.095	2,000,000
Unlisted consulting options	15 Nov 2017	$0.090	124,503,864
Unlisted director options	15 Nov 2015	$0.090	13,666,668

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

(g) Capital risk management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern to ultimately add value for shareholders through the exploitation of hydrocarbon resources. This is monitored through the use of cash flow forecasts.

In order to maintain the capital structure, the Group may issue new shares or other equity instruments. Given the Group is still in the exploration phase, equity is the sole source of funding. Debt is not a viable option and therefore gearing ratios are not currently applicable.

	2013 $	2012 $

17. Reserves

Share options reserve	**10,132,939**	**7,964,729**
Movements:		
Balance at start of year	7,964,729	6,893,100
Share based payments costs	2,168,210	705,904
Share based capital raising costs	-	365,725
Balance at end of year	**10,132,939**	**7,964,729**

The reserve is used to record the value of share based payments provided to employees and directors as part of their remuneration and underwriters of share placements. Refer to note 28 for further details of share based payments.

18. Accumulated losses

Movements in accumulated losses were as follows:

Balance at the start of the year	(106,461,644)	(80,103,476)
Net loss for the year	(9,283,393)	(26,358,168)
Balance at the end of the year	**(115,745,037)**	**(106,461,644)**

19. Loss per share

(a) Basic loss per share (cents)	**(0.66)**	**(2.28)**
(b) Diluted loss per share (cents)	**(0.66)**	**(2.28)**
(c) Loss used in loss per share calculation		
Loss attributable to ordinary equity holders of the Company	**(9,283,393)**	**(26,358,168)**
(d) Weighted average number of ordinary shares		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**1,399,057,950**	**1,157,003,501**

Options on issue are considered to be potential ordinary shares and have not been included in the calculation of basic earnings per share. Additionally, any exercise of the options would be antidilutive as their exercise to ordinary shares would decrease the loss per share. In accordance with AASB 133 they are also excluded from the diluted loss per share calculation. Refer to Note 16 for details of options on issue.

20. Segment reporting

Management has considered the operating segments based on the reports reviewed by the chief operating decision maker, being the board of directors that are used to make strategic decisions. As the consolidated entity is in the exploration phase of operations, the board considers the business as a whole, and makes decisions on the allocation of resources based on its strategic objectives.

The operations of the consolidated entity involve a single industry segment being that of exploration for hyrdrocarbons. The consolidated entity's operations are wholly in one geographical location being Australia.

21. Parent entity information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2013 $	2012 $
Balance Sheet		
Current assets	10,674,415	11,448,146
Non-current assets	10,344,885	12,569,131
Total assets	21,019,300	24,017,277
Current liabilities	(2,948,174)	(3,281,899)
Total liabilities	(2,948,174)	(3,281,899)
Net assets	18,071,126	20,735,378
Shareholders' equity:		
Issued capital	130,258,022	122,700,723
Reserves	10,132,938	7,964,729
Accumulated losses	(122,319,834)	(109,930,074)
Total equity	18,071,126	20,735,378
Loss for the year	(12,389,760)	(21,219,484)
Total comprehensive loss	(12,389,760)	(21,219,484)

(b) Guarantees entered into by the parent entity

Guarantees have been provided by the parent entity to subsidiaries arising out of the course of ordinary operations.

(c) Contingent assets and liabilities of the parent entity

There are no contingent assets.

Contingent liabilities exist in respect of legal action with Mr John Heugh. Details are set out in Note 26 (a).

(d) Commitments of the parent entity

Operating lease commitments of the parent entity are set out in note 27 (b).

22. Related party transactions

(a) Parent entity

The parent entity is Central Petroleum Limited.

(b) Subsidiaries

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

Name of entity	Place of Incorporation	Class of Shares	Equity holding 2013	Equity holding 2012
			%	%
Merlin Energy Pty Ltd	Western Australia	Ordinary	100	100
Merlin West Pty Ltd	Western Australia	Ordinary	100	100
Helium Australia Pty Ltd	Victoria	Ordinary	100	100
Ordiv Petroleum Pty Ltd	Western Australia	Ordinary	100	100
Frontier Oil & Gas Pty Ltd	Western Australia	Ordinary	100	100
Central Green Pty Ltd	Western Australia	Ordinary	100	100
Central Geothermal Pty Ltd	Western Australia	Ordinary	100	100
Merlin Coal Pty Ltd[1]	Western Australia	Ordinary	-	100
Central Petroleum Services Pty Ltd	Western Australia	Ordinary	100	100

[1] *The Company disposed of Merlin Coal Pty Ltd on 3 June 2013 for consideration of $1,800,000.*

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 23.

	2013	2012
(d) Transactions with other related parties	**$**	**$**
Superannuation contributions		
Contributions to superannuation funds on behalf of employees	355,971	283,113

	2013 $	2012 $

23. Key management personnel

(a) Key management personnel compensation

	2013 $	2012 $
Short-term employee benefits	2,730,602	2,074,783
Post-employment benefits	172,373	218,246
Long-term benefits	22,404	11,601
Share based payments	2,129,081	268,426
	5,054,460	2,573,056

Detailed remuneration disclosures are provided in the remuneration report on pages 19 to 29.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options
Details of options provided as remuneration and shares issued on the exercise of such options, together with the terms and conditions of the options, can be found in the remuneration report on pages 19 to 29.

(ii) Option holdings
The number of options over ordinary shares in the Company held during the financial year by each director of Central Petroleum Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below.

	Balance at start of year	Granted as compensation	Exercised	Other changes	Held at date of departure	Balance at end of year	Vested and exercisable	Unvested
Non-Executive Directors								
Andrew Whittle								
2013	-	4,500,000	-	-	N/A	4,500,000	1,500,000	3,000,000
2012	N/A	-	-	-	N/A	-	-	-
William Dunmore								
2013	1,400,000	-	-	-	N/A	1,400,000	1,400,000	-
2012	3,400,000	-	-	(2,000,000) [1]	N/A	1,400,000	1,400,000	-
Wrixon Gasteen								
2013	-	5,000,000	-	-	N/A	5,000,000	1,666,666	3,333,334
2012	N/A	-	-	-	N/A	-	-	-
Henry Askin								
2013	3,340,000	6,500,000	-	-	9,840,000	-	5,506,666	4,333,334
2012	5,340,000	-	-	(2,000,000) [1]	N/A	3,340,000	3,340,000	-

[1] *expired 3 January 2012*

23. Key management personnel *(continued)*

(b) Equity instrument disclosures relating to key management personnel

	Balance at start of year	Granted as compensation	Exercised	Other change	Held at date of departure	Balance at end of year	Vested and exercisable	Unvested
Executive Directors and Other Key Management Personnel								
Richard Cottee[1]								
2013	-	172,922,033	-	-	N/A	172,922,033	48,418,169	124,503,864
2012	N/A	-	-	-	N/A	-	-	-
Michael Herrington								
2013	-	4,500,000	-	-	N/A	4,500,000	1,500,000	3,000,000
2012	N/A	-	-	-	N/A	-	-	-
Daniel White								
2013	4,646,000	-	-	-	N/A	4,646,000	4,646,000	-
2012	3,096,000	1,550,000	-	-	N/A	4,646,000	4,646,000	-
Bruce Elsholz								
2013	3,000,000	-	-	-	N/A	3,000,000	3,000,000	-
2012	2,000,000	1,000,000	-	-	N/A	3,000,000	3,000,000	-
Leon Devaney								
2013	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-

[1] 172,922,033 unlisted options exercisable at $0.09 on or before 15 November 2015 and 15 November 2017 were issued to FEP on 8 August 2012, a company in which Richard Cottee has a 50% beneficial equity interest.

23. Key management personnel *(continued)*

(iii) Share holdings
The number of shares in the Company held during the financial year by each director of Central Petroleum Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted as compensation during the year.

	Held at beginning of year	Held at date of appointment	Share purchase plan issue	Received on exercise of options	Net change other	Held at date of departure	Held at end of year
Non-Executive Directors							
Andrew Whittle							
2013	400,000	N/A	-	-	268,397	-	668,397
2012	N/A	-	-	-	400,000	N/A	400,000
William Dunmore							
2013	776,666	N/A	-	-	142,045	N/A	918,711
2012	766,666	N/A	-	-	-	N/A	776,666
Michael Herrington							
2013	-	-	-	-	-	N/A	-
2012	N/A	-	-	-	-	N/A	-
Wrixon Gasteen							
2013	-	N/A	-	-	520,000	N/A	520,000
2012	N/A	-	-	-	-	N/A	-
Henry Askin							
2013	3,872,728	N/A	-	-	-	3,872,728	N/A
2012	3,600,000	N/A	272,728	-	-	N/A	3,872,728
Executive Directors and Other Key Management Personnel							
Richard Cottee							
2013	-	N/A	-	-	1,043,415	N/A	1,043,415
2012	N/A	-	-	-	-	N/A	-
Michael Herrington							
2013	-	N/A	-	-	1,000,000	N/A	1,000,000
2012	N/A	-	-	-	-	N/A	-
Daniel White							
2013	1,440,000	N/A	-	-	-	N/A	1,440,000
2012	1,440,000	N/A	-	-	-	N/A	1,440,000
Bruce Elsholz							
2013	-	N/A	-	-	-	N/A	-
2012	-	N/A	-	-	-	N/A	-
Leon Devaney							
2013	N/A	-	-	-	550,000	N/A	550,000
2012	-	N/A	-	-	-	N/A	-

23. Key management personnel *(continued)*

(c) Other transactions with key management personnel

(i) During the year ended 30 June 2013 the consolidated entity paid $69,629 (2012: $46,528) to Dunmore Consulting, a business in which Mr Dunmore is the principal, for the provision of technical and corporate advisory services. This transaction was on normal commercial terms and conditions no more favourable than those available to other parties.

(ii) During the year ended 30 June 2013 the consolidated entity paid $58,000 (2012: $25,000) to Jabiru Energy Development and Innovation Pty Ltd, a business in which Mr Herrington is the principal, for the provision of corporate advisory services prior to his appointment as Chief Operating Officer of the Company. This transaction was on normal commercial terms and conditions no more favourable than those available to other parties.

(iii) During the year ended 30 June 2013 the consolidated entity paid $168,000 (2012: nil) to Ikon Corporate Pte Ltd, a business in which Mr Gasteen is a director, for the provision of corporate advisory services including the sale of Merlin Coal Pty Ltd. This transaction was on normal commercial terms and conditions no more favourable than those available to other parties.

(iv) FEP has provided the services of Richard Cottee on the basis of a secondment to the Company. As such compensation is made to FEP in line with FEP's Intercompany Services Agreement shown on page 28. Richard Cottee has a 50% beneficial equity interest in FEP.

During the year ended 30 June 2013 FEP has received compensation of $516,470 (2012: $464,796).

24. Reconciliation of loss after income tax to net cash outflow from operating activities

	2013 $	2012 $
Loss after income tax	(9,283,393)	(26,358,168)
Adjustments for:		
Depreciation and amortisation	456,880	317,327
Share-based payments	2,168,210	705,904
Write off of property, plant and equipment	503,703	9,297
Write off of exploration assets	1,657,600	-
Gain on sale of investment	(1,744,796)	-
Changes in assets and liabilities relating to operating activities:		
(Increase) / decrease in trade and other receivables	(5,356,057)	1,889,778
Decrease / (increase) in inventories	76,159	(197,444)
(Increase) in exploration assets	(500,000)	-
(Decrease) / increase in trade and other payables	(314,138)	2,428,928
Increase / (decrease) in provisions	183,366	(25,101)
Net cash outflow from operating activities	**(12,152,466)**	**(21,229,479)**

25. Non-cash investing and financing activities

During the year the Company acquired the remaining 20% interest in EP97 from Rawson Resources for consideration of 50 million ordinary shares in Central Petroleum Ltd ($6,888,793). Upon completion of the transaction, Central holds a 100% interest in the permit. There were no non-cash investing and financing activities during 2012 ($Nil).

26. Contingencies

(a) Contingent liabilities

(i) The consolidated entity had contingent liabilities at 30 June 2013 in respect of certain joint venture payments.

As partial consideration under the terms of the purchase agreement for EPs 105, 106 and 107, there is a requirement to pay the vendor the sum of $1,000,000 (2012: $1,000,000) within twelve months following the commencement of any future commercial production from the permits.

(ii) On 26 March 2012 the Company advised that it had terminated the employment of Mr John Heugh. Mr John Heugh commenced an action in the Supreme Court of Western Australia against the Company disputing the Company's termination of his employment.

(iii) On 29 November 2012 the Company advised that Mr Heugh had commenced an action in the Supreme Court of Western Australia against the Company and others for alleged false and defamatory statements of and concerning Mr Heugh.

The Company is defending the actions vigorously.

The claims are currently being funded pursuant to the Company's Employment Practices Liability insurance. The directors believe that a favourable outcome to the disputes are probable and no material amounts will be payable by the Company.

(b) Contingent assets

There were no contingent assets at 30 June 2013 (30 June 2012 - $nil).

	2013 $	2012 $

27. Commitments

(a) Capital commitments

The consolidated entity has the following exploration expenditure commitments:

	2013 $	2012 $
The following amounts are due:		
Within one year	-	18,291,583
Later than one year but not later than five years	12,903,000	60,528,250
	12,903,000	**78,819,833**

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.

(b) Operating lease commitments

The consolidated entity, through its parent entity Central Petroleum Limited, has non-cancellable operating leases for office premises in Perth, Alice Springs and Brisbane. The leases have varying terms, escalation clauses and renewal rights.

	2013 $	2012 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	346,592	661,627
Later than one year but not later than five years	-	751,446
	346,592	**1,413,073**

28. Share based payments

(a) Employee options

An Incentive Option Scheme operates to provide incentives for employees. Participation in the plan is at the board's discretion; however the plan is open to all employees and directors of the Company.

At the discretion of the Company, performance criteria may or may not be established in respect of options that vest under the Incentive Option Scheme. Options are granted for no consideration. Options that have been granted to date to employees, excluding directors, have contained service conditions in respect of their vesting. Options have vested progressively from grant date to, in some cases, an employee's third anniversary. As of the date of this report no options issued under the Incentive Option Scheme have contained any performance criteria in respect of their vesting.

There are no rules imposing a restriction on removing the 'at risk' aspect of options granted to employees or directors. One ordinary share is issued upon exercise of one option.

Set out below are summaries of options that have been granted to directors and employees.

Expiry Date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at the end of the year
2013							
31 Mar 2014	$0.220	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.250	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.280	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.320	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.370	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.200	8,366,666	-	-	-	8,366,666	8,366,666
31 May 2015	$0.122	6,340,000	-	-	-	6,340,000	6,340,000
31 Oct 2015	$0.110	600,000	-	-	-	600,000	600,000
15 Nov 2015	$0.090	-	48,418,169	-	-	48,418,169	48,418,169
15 Nov 2015	$0.090	-	6,833,332	-	-	6,833,332	6,833,332
12 May 2016	$0.120	300,000	-	-	(100,000)	200,000	200,000
20 Jul 2016	$0.110	5,646,665	-	(2,300,000)	-	3,346,665	3,346,665
19 Aug 2016	$0.115	2,000,000	-	-	-	2,000,000	2,000,000
30 Aug 2016	$0.115	4,000,000	-	-	-	4,000,000	3,000,000
15 Nov 2016	$0.095	12,993,335	-	(1,400,000)	-	11,593,335	11,593,335
30 Nov 2016	$0.095	6,000,000	-	(3,000,000)	(1,000,000)	2,000,000	1,500,000
15 Nov 2017	$0.090	-	124,503,864	-	-	124,503,864	-
15 Nov 2017	$0.090	-	13,666,668	-	-	13,666,668	-
Totals		**53,746,666**	**193,422,033**	**(6,700,000)**	**(1,100,000)**	**239,368,699**	**99,698,167**
Weighted average exercise price		$0.146	$0.090	$0.100	$0.097	$0.102	$0.119
Weighted average remaining contractual life (years) at the end of the year						8.405	

28. Share based payments *(continued)*

Expiry Date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at the end of the year
2012							
31 Jul 2011	$0.33	200,000	-	-	(200,000)	-	-
31 Aug 2011	$0.30	500,000	-	-	(500,000)	-	-
17 Nov 2011	$0.25	666,666	-	-	(666,666)	-	-
3 Jan 2012	$0.28	2,200,000	-	-	(2,200,000)	-	-
3 Jan 2012	$0.33	2,200,000	-	-	(2,200,000)	-	-
3 Jan 2012	$0.37	2,200,000	-	-	(2,200,000)	-	-
3 Jan 2012	$0.43	2,200,000	-	-	(2,200,000)	-	-
3 Jan 2012	$0.50	2,200,000	-	-	(2,200,000)	-	-
19 Jan 2012	$0.25	1,000,000	-	-	(1,000,000)	-	-
16 Feb 2012	$0.25	250,000	-	-	(250,000)	-	-
23 Feb 2012	$0.25	200,000	-	-	(200,000)	-	-
31 Mar 2014	$0.22	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.25	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.28	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.32	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.37	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.20	8,366,666	-	-	-	8,366,666	8,366,666
31 May 2015	$0.122	6,340,000	-	-	-	6,340,000	6,290,000
31 Oct 2015	$0.11	800,000	-	-	(200,000) [1]	600,000	433,333
12 May 2016	$0.12	300,000	-	-	-	300,000	200,000
20 Jul 2016	$0.11	-	7,646,665	-	(2,000,000)[1]	5,646,665	4,431,110
19 Aug 2016	$0.115	-	2,000,000	-	-	2,000,000	2,000,000
30 Aug 2016	$0.115	-	4,000,000	-	-	4,000,000	2,000,000
15 Nov 2016	$0.095	-	12,993,335	-	-	12,993,335	12,993,335
30 Nov 2016	$0.095	-	6,000,000	-	-	6,000,000	3,000,000
Totals		**37,123,332**	**32,640,000**	**-**	**(16,016,666)**	**53,746,666**	**47,214,444**
Weighted average exercise price		$0.261	$0.102	-	$0.324	$0.146	$0.151
Weighted average remaining contractual life (years) at the end of the year					3.829		

28. Share based payments *(continued)*

(b) Employee options granted during the year

Options granted during the year ended 30 June 2013 and 30 June 2012 were valued using a binomial option pricing model. The model inputs for option issued during the year included:

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
2013								
19 Jul 12	15 Nov 15	48,418,169	$0.047	$0.09	$0.125	60% to 90%	2.73%	0.0%
19 Jul 12	15 Nov 17	55,335,051	$0.054	$0.09	$0.125	60% to 90%	2.77%	0.0%
19 Jul 12	15 Nov 17	69,168,813	$0.049	$0.09	$0.125	60% to 90%	2.77%	0.0%
29 Nov 12	15 Nov 15	6,833,332	$0.077	$0.09	$0.155	50% to 80%	2.73%	0.0%
29 Nov 12	15 Nov 17	6,833,332	$0.084	$0.09	$0.155	50% to 80%	2.77%	0.0%
29 Nov 12	15 Nov 17	6,833,332	$0.080	$0.09	$0.155	50% to 80%	2.77%	0.0%
2012								
20 Jul 2011	20 Jul 2016	7,646,665	$0.0278	$0.110	$0.065	87.44%	4.37%	0.0%
19 Aug 2011	19 Aug 2016	2,000,000	$0.0342	$0.115	$0.065	92.06%	3.74%	0.0%
30 Aug 2011	30 Aug 2016	4,000,000	$0.0351	$0.115	$0.066	92.16%	3.99%	0.0%
15 Nov 2011	15 Nov 2016	12,993,335	$0.0232	$0.095	$0.057	72.93%	3.60%	0.0%
30 Nov 2011	30 Nov 2016	6,000,000	$0.0243	$0.095	$0.057	70.04%	3.38%	0.0%

* The estimated price volatility is based on the historical price volatility for the 12 months prior to the date of granting of the options, adjusted for any expected changes to future volatility due to publicly available information.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share based transactions recognised during the year were:

	2013	2012
	$	$
Options issued to directors and employees	**2,168,210**	**705,904**

29. Financial risk management

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 and other receivables	Gross		Impairment	
	2013 $	2012 $	2013 $	2012 $
Past due: 0 – 30 days	6,778,095	1,104,007	-	-
Past due: 31 – 150 days	31,878	229,226	-	-
Past due: 151 – 365 days	-	30,074	-	-
	6,809,973	**1,363,307**	**-**	**-**

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 receivables at 30 June 2013 relate predominantly to the 2012 research & development refund, joint venture partner recharges and gst refunds due from the Australian tax office. Over 99% of trade and other receivables have been received to date.

(b) Liquidity Risk

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

2013	≤ 6 months $	6 - 12 months $	1 - 5 years $	≥ 5 years $	Total $
Financial Assets					
Cash and cash equivalents	1,308,307	-	-	-	1,308,307
Trade and other receivables	6,809,973	-	-	-	6,809,973
Other financial assets	215,015	-	1,639,604	-	1,854,619
	8,333,295	**-**	**1,639,604**	**-**	**9,972,899**
Financial Liabilities					
Trade and other payables	(3,332,034)	-	-	-	(3,332,034)
	(3,332,034)	**-**	**-**	**-**	**(3,332,034)**

29. Financial risk management *(continued)*

2012	≤ 6 months $	6 - 12 months $	1 - 5 years $	≥ 5 years $	Total $
Financial Assets					
Cash and cash equivalents	12,105,232	-	-	-	12,105,232
Trade and other receivables	1,363,307	-	-	-	1,363,307
Other financial assets	-	-	1,318,941	-	1,318,941
	13,468,539	**-**	**1,318,941**	**-**	**14,787,480**
Financial Liabilities					
Trade and other payables	(3,727,627)	-	-	-	(3,727,627)
	(3,727,627)	**-**	**-**	**-**	**(3,727,627)**

(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	
	2013 %	2012 %	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Financial Assets:										
Cash and cash equivalents	0.8	3.1	1,308,307	12,105,232	-	-	-	-	1,308,307	12,105,232
Trade and other receivables	-	-	-	-	-	-	6,809,973	1,363,307	6,809,973	1,363,307
Other financial assets	0.5	3.6	-	-	215,015	912,239	1,639,604	406,702	1,854,619	1,318,941
			1,308,307	**12,105,232**	**215,015**	**912,239**	**8,449,577**	**1,770,009**	**9,972,899**	**14,787,480**
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	(3,332,034)	(3,727,627)	(3,332,034)	(3,727,627)
			-	**-**	**-**	**-**	**(3,332,034)**	**(3,727,627)**	**(3,332,034)**	**(3,727,627)**
Net Financial Assets/(Liabilities)			**1,308,307**	**12,105,232**	**215,015**	**912,239**	**5,117,543**	**(1,957,618)**	**6,640,865**	**11,059,853**

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 only on those financial assets and liabilities with floating interest rates and is prepared on the same basis as for 2012.

	Profit or Loss		Equity	
	10% Increase	10% Decrease	10% Increase	10% Decrease
2013				
Cash and cash equivalents	987	(987)	-	-
2012				
Cash and cash equivalents	37,526	(37,526)	-	-

29. Financial risk management *(continued)*

(d) ***Currency Risk***

The consolidated entity's exposure to currency risk is limited due to its ongoing operations being in Australia and all associated contracts completed in Australian dollars. A small foreign exchange risk arises from liabilities denominated in a currency other than Australian dollars. The Group generally does not undertake any hedging or forward contract transactions as the exposure is considered immaterial, however individual transactions are reviewed for any potential currency risk exposure.

(e) ***Fair Values***

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

30. Interests in joint ventures

Details of joint ventures in which the consolidated entity has an interest are as follows:

	Principal activities	**2013**	**2012**
		%	**%**
EP82 (Santos)	Oil & gas exploration	75.00	100.00
EP82 Magee (OGE)	Oil & gas exploration	n/a	86.12
EP93 (Santos)	Oil & gas exploration	60.00	100.00
EP97 (Rawson)	Oil & gas exploration	100.00	80.00
EP105 (Santos)	Oil & gas exploration	75.00	100.00
EP106 (Santos)	Oil & gas exploration	75.00	100.00
EP107 (Santos)	Oil & gas exploration	75.00	100.00
EP112 (Santos)	Oil & gas exploration	75.00	100.00
EP125 (Santos)	Oil & gas exploration	30.00	100.00
EP125 Mt Kitty (OGE)	Oil & gas exploration	n/a	76.54
RL3 & 4 (Santos)	Oil & gas exploration	75.00	100.00
EP115 North Mereenie Block (Santos)	Oil & gas exploration	60.00	100.00
ATP909 (Total)	Oil & gas exploration	90.00	100.00
ATP911 (Total)	Oil & gas exploration	90.00	100.00
ATP912 (Total)	Oil & gas exploration	90.00	100.00
EP(A)147 (Santos)	Oil & gas exploration	75.00	100.00

Total = TOTAL GLNG Australia

Santos = Santos QNT Pty Ltd

Rawson = Rawson Resources Limited

OGE = Oil and Gas Exploration Limited

n/a = Joint Venture dissolved during the year

30. Interests in joint ventures (continued)

The share in the assets and liabilities of the joint ventures where less than 100% interest is held by the Company are included in the consolidated entity's balance sheets in accordance with the accounting policy described in note 1(b) under the following classifications:

	2013 $	2012 $
Current assets		
Cash and cash equivalents	51,373	256,888
Trade and other receivables	12,822	124,289
Total current assets	64,195	381,177
Non-current assets		
Other financial assets	7,200	-
Current liabilities		
Trade and other payables	76,571	589,995
Net liabilities	**(5,176)**	**(208,818)**
Joint venture contribution to loss before tax		
Revenue	313	20,323
Expenses	(1)	(1,676,279)
Profit / (Loss) before income tax	**312**	**(1,655,956)**

31. Events occurring after the reporting period

Subsequent to 30 June 2013 the following events have occurred:

(i) R&D refund

In July 2013 the Company received a research and development ("R&D") tax incentive refund of $5,887,231 from the Australian Commonwealth Government in relation to the 2012 tax year.

(ii) $10 million share placement

On 26 July 2013 the Company placed 100 million shares at $0.10 share, with 3 large domestic institutions taking over 80% of the placement, raising $10,000,000 representing around a 5% premium to the 5-day VWAP. A further 6 million shares at $0.10 share were issued to corporate advisors in lieu of fees associated with the placement.

(iii) Share Consolidation

On 15 August 2013 the Company announced a 5:1 consolidation of its shares dependant on receiving shareholder approval at a General Meeting to be held at its Brisbane Headquarters on 27 September 2013.

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 38 to 77 of the Consolidated Entity are in accordance with the *Corporations Act 2001* (Cth), including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date;

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

c) the financial statements comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 1(a).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* (Cth) for the financial year ended 30 June 2013.

This declaration is made in accordance with a resolution of the directors of Central Petroleum Limited:

Richard Cottee
Managing Director

Brisbane, 26 September 2013

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 (the company), which comprises the balance sheet as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Central Petroleum Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those 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 consolidated 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.

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*.

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

Independent auditor's report to the members of Central Petroleum Limited (cont'd)

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 2013 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 and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 16 to 26 of the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

William P R Meston
Partner

Perth
26 September 2013

Details of shares and options as at 17 September 2013:

Top holders

The 20 largest registered holders of each class of quoted equity security as at 17 September 2013 were:

Ordinary fully paid shares

	Name	No. of Shares	%
1.	Citicorp Nominees Pty Limited	94,212,414	6.09
2.	Macquarie Bank Limited <Metals & Energy Cap Div A/C>	50,000,000	3.23
3.	Rawson Resources Limited	50,000,000	3.23
4.	BNP Paribas Noms Pty Ltd <DRP>	25,337,600	1.64
5.	National Nominees Limited	24,077,351	1.56
6.	J P Morgan Nominees Australia Limited	23,198,188	1.50
7.	AMG International Pty Ltd	18,756,551	1.21
8.	HSBC Custody Nominees Australia Limited	15,702,478	1.02
9.	Marford Group Pty Ltd	14,832,421	0.96
10.	J P Morgan Nominees Australia Limited <Cash Income A/C>	13,355,488	0.86
11.	Mr Mark Philip Shawcross	12,000,000	0.78
12.	RBJ Nominees Pty Ltd <Superannuation>	10,925,000	0.71
13.	Franze Holdings Ltd	10,232,728	0.66
14.	Mr James Donald Bruce Cochrane + Mrs Joan Elizabeth Cochrane <Bruce and Joan Cochrane A/C>	10,000,000	0.65
15.	Mr Geoffrey Rol	8,680,375	0.56
16.	Mr John Cresswell Leigh + Mrs Dulcie Lynette Leigh <JAD Super Fund No2 A/C>	8,500,000	0.55
17.	Dr Gregory Philip Corboy	7,038,515	0.46
18.	Advent Energy Ltd	6,250,000	0.40
19.	EPS Management Pty Ltd <The Philis Super Fund A/C>	6,160,251	0.40
20.	Victor M Lewis Pty Ltd	6,097,728	0.39
		415,357,088	**26.87**

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

	Name	No. of Options	%
1.	Franze Holdings Pty Limited	9,230,000	3.05
2.	Avatar Equities Pty Limited <avatar share trading a/c>	5,662,526	1.87
3.	Mrs Melanie Mullins	5,245,000	1.73
4.	Victor M Lewis Pty Limited	5,000,000	1.65
5.	Madeiros Pty Limited <Visser Super Fund A/C>	4,925,000	1.63
6.	Dr Kelvin Lo + Mrs Yoke Lo <nu piggie super fund a/c>	4,500,000	1.49
7.	Mrs Yoke Khaw Lo + Dr Kelvin Lo <nu piggie super fund a/c>	4,500,000	1.49
8.	Renlyn Bell Investments Pty Ltd <G & R Bonaccorso Family A/C>	4,350,000	1.44
9.	Atlantis Investigations Pty Limited <larayne porter s/fund a/c>	4,107,949	1.36
10.	Dr Kelvin Lo	3,500,000	1.16
11.	Mr James David Harry Boddam-Whetham	3,254,333	1.07
12.	Mr Robert Baskerville Long	3,250,000	1.07
13.	Advent Energy Limited	3,125,000	1.03
14.	Jannarn Pty Ltd <Prabhakar Superfund A/C>	3,101,144	1.02
15.	Merrill Lynch (Australia) Nominees Pty Limited	3,079,563	1.02
16.	Mr Gary Charles Loeper	3,000,000	0.99
17.	Agens Pty Ltd <Mark Collins Super Fund A/C>	2,852,080	0.94
18.	Citicorp Nominees Pty Limited	2,652,660	0.88
19.	Mr David Christopher Kemp	2,553,973	0.84
20.	Mrs Aily Lamb	2,500,000	0.83
		80,389,228	**26.54**

Distribution schedules

A distribution schedule of each class of equity security as at 17 September 2013:

Ordinary fully paid shares

Range	Holders	Units	%
1 - 1,000	258	34,793	0.00
1,001 - 5,000	711	2,720,771	0.18
5,001 - 10,000	1,354	11,247,962	0.73
10,001 - 100,000	4,957	211,951,639	13.70
100,001 - Over	2,042	1,320,123,680	85.39
Total	9,322	1,546,078,845	100.00

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

Range	Holders	Units	%
1 - 1,000	587	365,278	0.12
1,001 - 5,000	722	1,964,352	0.65
5,001 - 10,000	341	2,668,144	0.88
10,001 - 100,000	739	30,029,966	9.92
100,001 - Over	425	267,845,636	88.43
Total	2,814	302,873,376	100.00

Substantial shareholders

As at 17 September 2013, there are no substantial shareholders in the Company.

Restricted Securities

As at 17 September 2013, the Company had no restricted securities.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 5,435 shares as at 17 September 2013):

Holders	Units
1,045	3,153,268

Holdings less than a marketable parcel of listed options exercisable at $0.16 each on or before 31 March 2014 (being 50,000 options as at 17 September 2013):

Holders	Units
2,145	16,886,460

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, AT 17 SEPTEMBER 2013

Permits and Licenses Granted

Tenement	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
EP 82	Amadeus Basin NT	Santos	75	75	Santos	25
EP 93	Pedirka Basin NT	Santos	60	60	Santos	40
EP 97	Pedirka Basin NT	Central	100	100		
EP 105	Amadeus/Pedirka Basin NT	Santos	75	75	Santos	25
EP 106	Amadeus Basin NT	Santos	75	75	Santos	25
EP 107	Amadeus/Pedirka Basin NT	Santos	75	75	Santos	25
EP 112	Amadeus Basin NT	Santos	75	75	Santos	25
EP 115 (excludes North Mereenie Block)	Amadeus Basin NT	Central	100	100		
EP 115 (North Mereenie Block)	Amadeus Basin NT	Santos	60	60	Santos	40
EP 125	Amadeus Basin NT	Santos	30	30	Santos	70
RL3, RL4	Amadeus Basin NT	Santos	75	75	Santos	25
ATP 909	Georgina Basin QLD	Central	90	90	Total	10
ATP 911	Georgina Basin QLD	Central	90	90	Total	10
ATP 912	Georgina Basin QLD	Central	90	90	Total	10

Permits and Licenses Under Application

Tenement	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	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	100		
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	Santos	75	75	Santos	25
EPA 149	Amadeus Basin NT	Central	100	100		
EPA 152	Amadeus Basin NT	Central	100	100		
EPA 160	Lander Trough NT	Central	100	100		
EPA 296	Lander Trough NT	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		
L12-2	Amadeus Basin WA	Central	100	100		