



30 January 2009

Australian Securities Exchange Limited
Electronic Lodgement
20 Bridge Street
Sydney NSW 2000

Quarterly Activities Report – December 2008

PRODUCTION ACTIVITIES

Janovice Gas Field (60% interest)

Production of gas for the period was 1.645 million cubic metres (58.1 million cubic feet), an average of 17,880 cubic metres per day (0.63 million cubic feet). At this rate the volume of water produced increased slowly but steadily to approximately 1.23 cubic metres per day.

The operator, Unigeo, has consistently recommended a gradual reduction of the production rate in order to slow down any potential increase in water inflow. In order to better manage this trend, the Ja3a daily production rate was reduced to 18,000 cubic metres (or slightly below) per day starting 14 October 2008.

While production volume actually increased slightly from the previous quarter (due to that quarter's seven day shutdown in the first week of August), revenue increased substantially (23.5%) due to a 24.4% increase in gas prices during the quarter.

EXPLORATION ACTIVITIES

Janovice, Skalice & Raškovice – Morávka (60%)

An exploration strategy to further explore the permits, delineate any extension of the Janovice field and define drilling targets has not yet been agreed upon with Unigeo, the operator. The Company is considering seismic and other survey methods.

Carpathian Resources Limited

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Mošnov, 90% interest (contributing 100%)

The Mo-1 Skotnice well was spudded in late 2006 close to two depleted gas fields and reached a final total depth of 430 metres. Only minor shows of gas were recorded whilst drilling the target horizon, yet analysis of the wireline logs indicated the presence of a 3.2 metre gas column in a good quality Miocene sandstone reservoir with up to 17% porosity. Core analysis confirmed the quality of the reservoir yet no flow was recorded when the section was tested. It is not clear why such a good reservoir rock failed to produce a flow. Damage to the formation whilst drilling or whilst cementing the production string is suspected, as is inadequate perforating of the production string.

Contractual matters delayed further work until February 2008 when a simple operation program was carried out to try to stimulate a flow from the Miocene sand. A small amount of completion fluid was successfully pumped through the perforations establishing communication into the well bore. However, when the pressure was released, no fluid flowed back, even after the fluid column had been unloaded and the well was again at atmospheric pressure.

In late June 2008 the reservoir was hydraulically fractured and treated with acid (an "acid frac"). The operation was designed to establish permanent pathways between the reservoir and the well and to clean up or alleviate any formation damage that may have been caused during the drilling of the well and the cementing of the casing.

In August 2008, after completion of the frac, the flow-testing process registered gas inflow, although the wellhead pressure is very low. At least part of the reason for this is the relatively large fluid presence. The operator has recommended that the Company perform a 30-day gas flow testing process, so that the Company can determine the feasibility of further developing the well. That testing process has not yet been performed.

Morava, 90% interest (contributing 100%)

The Morava project is located near Hodonin, a regional centre for oil and gas production in the northern part of the Vienna Basin, a prolific oil and gas producer. A possible target (Vazany) that could contain a significant quantity of gas has been identified in the flysch sequence of the Magura Nappe. Unigeo, the operator, is working to include the project in the local land use plan so that further progress may be made.

Rožnov, 90% interest (contributing 100%)

These four permits cover a large area of prospective sediments in a variety of potential traps on the faulted margin of the Palaeozoic European Platform. The largest features are a series of channel like traps on the basin slope, but differences between local and regional planning requirements are not resolved and are delaying progress. A drilling location to test the Zar feature, a Miocene trap draping the platform edge, has been selected. Again, progress cannot be made until the project is included in the local land use plan and a power line is moved.

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CORPORATE ACTIVITIES

At 31 December 2008 Carpathian has 265,533,501 ordinary fully paid shares on issue, 15,000,000 options with an exercise price of A\$0.10 on or before 30 June 2012 and 2,725,335 options with an exercise price of A\$0.29 on or before 3 September 2012. The Company is presently determining whether the options to purchase 15,000,000 shares should be cancelled.

At 31 December 2008, the Company had A\$9.02 million cash on hand.

Carpathian is listed on the ASX market in Australia, but has delisted from AIM in London to cut exchange costs that were not providing any substantial benefit to shareholders.

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About Carpathian Resources Limited:

Carpathian is an oil and gas producer and explorer with a focus on Central Europe. The Company has its Corporate Head Office in Sydney, Australia, and has an Operations Office in Ostrava, Czech Republic.

For further information about the Company please visit www.carpathian.com.au

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