

15 January 2010

TO: The Manager, Company Announcements ASX Limited 10.01.15
CONTACT: John Heugh +61 8 9474 1444

Notice of Discovery

Central Petroleum Limited, Operator of Exploration Permit EP93 has today notified the Northern Territory Department of Resources of a discovery in the Pedirka Basin as required by the Petroleum Act.

A copy of the notification is appended to this announcement.



central
PETROLEUM
LIMITED

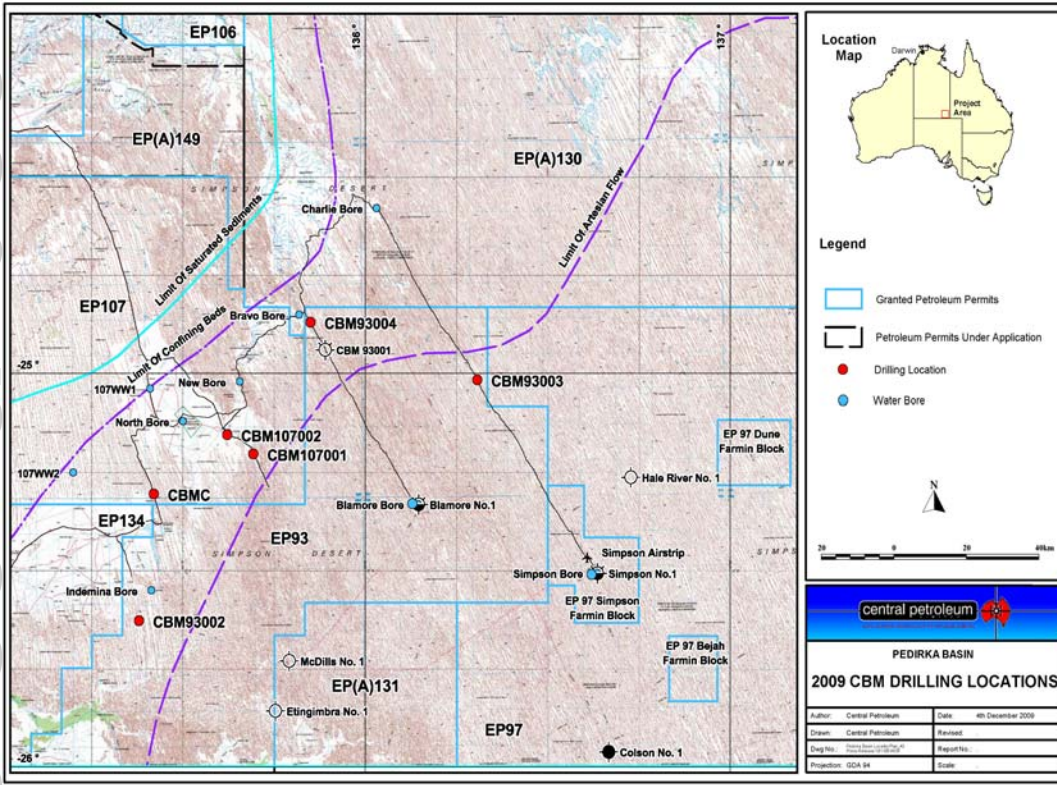
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(See disclaimer overleaf)

Sincerely

John Heugh
Managing Director
Central Petroleum Limited

Wholly owned subsidiaries:

merlin
ENERGY
PTY LTD
ABN 95 081 592 734

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PETROLEUM
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AUSTRALIA
PTY LTD
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Competent Persons Statement

AI Maynard & Associates

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

Mulready Consulting Services

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

General Disclaimer

Potential volumetrics of gas or oil may be categorised as Undiscovered Gas or Oil Initially In Place (UGIIP or UOIIP) or Prospective Recoverable Oil or Gas in accordance with AAPG/SPE guidelines. Since oil via Gas to Liquids Processes (GTL) volumetrics may be derived from gas estimates the corresponding categorisation applies.

As new information comes to hand from data processing and new drilling and seismic information, preliminary results may be modified.

Resource estimates or assessments of exploration results which may be included in this announcement or report have not been reviewed by either Petroleum Exploration Australia Limited (PXA), QGC, Trident Energy Limited (TRI), He Nuclear Limited (HEN) or Red Sky Energy Limited (ROG). Therefore those resource estimates represent the views of the Company and are not necessarily held by PXA, QGC, TRI, HEN or ROG. The Company, CTP, is interested in UCG and/or UCTL applications in its own right, outside of the current Joint Venture with PXA and references to UCG or UCTL potential do not necessarily reflect the views of PXA, QGC, TRI or ROG. Exploration programme proposals in the Phase Two 2010 programme which may be referred to in this announcement or report or notification have not been approved by relevant Joint Venture partners and accordingly constitute a proposal only unless and until approved.

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**The Director of Energy,
Department of Resources
GPO Box 3000
Darwin,
Northern Territory 0801
15th January 2010**

**Notification of Discovery in Exploration Permit EP 93
Northern Territory**

Dear Sir,

The Operator of the above permit is Central Petroleum with the Joint Venture Partners being Petroleum Exploration Australia (PXA-20%), Red Sky Energy (NT) Pty Ltd (ROG-10%) and the wholly owned Central Petroleum Limited subsidiary Merlin Energy Pty Ltd (Merlin-70%). The operator wishes to formally notify the Northern Territory Government of a coal discovery in EP 93. Exploration drillhole CBM 93-004 was an updip 9 km stepout from an earlier well, CBM 93-001 which intersected 143 m of coal (seams > 1m thick). The latest drillhole, CBM93-004, intersected 144m of coal (seams > 1 m thick) and confirms earlier seismic interpretations of an extensive coal deposit in this area. This notification is pursuant to Clause 2.47 (pp 236) of the Northern Territory Onshore Petroleum Act.

The coal intersections in these two wells are significant and diagnostic seismic signatures in the general area are representative of a potentially widespread coal resource covering a large area of the Andado Shelf and other basin elements in EP 93. During 2010 Central will acquire new seismic and drill hole data over a wide area of the permit which will facilitate an improved estimate of coal volumetrics.

This major resource potential has possibilities to be commercialised either by way of a Coal Seam Gas (CSG) project (possibly with an associated Gas To Liquids plant (GTL plant) and/or a project exploiting Underground-Coal-Gasification (UCG) and/or Underground Coal to Liquids (UCTL) technology with production of associated petroleum liquids. Central presents this document as formal notification of this discovery and will endeavour over the remaining permit term to more fully appraise its extent and commercial potential.

The views expressed here by Central, as Operator, do not necessarily reflect the views of the other Joint Venture Partners.

Yours Faithfully,



John Heugh
Managing Director
Central Petroleum Limited



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