

ASX ANNOUNCEMENT

26 February 2010

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TO: The Manager, Company Announcements, Australian Stock Exchange, 10.02.26
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Central Petroleum Limited Joint Venture Developments and Exploration Plans for key central Australian tenements

Key Points

- **Central continuing with Phase One 2009/10 exploration programme of:**
 - c.1,400 km of seismic across Amadeus and Pedirka Basins
 - 5 cored Coal Seam Gas (CSG) wells targeting coal and CSG in the Pedirka Basin
- **Joint Venture participants have been issued with 2010 works programmes across all tenements totaling \$17.7 million (gross),**
- **Central has issued default notices today to a number of its Joint Venture parties Pursuant to the relevant Farm Out Agreements and Joint Operating Agreements,**
- **Regardless of outcome of default notices Central intends completing the current exploration programme and the additional drilling of Ooraminna 2 and Johnstone 1 (or substitute well).**

Central Petroleum Limited (ASX:CTP) ("**Central**" or "**the Company**"), as Operator, provides this update in respect to its wholly owned subsidiary companies in joint venture with various other participants in central Australia.

The Company is continuing with the Phase One 2009/10 exploration programme of c.1,400 km of seismic across the breadth of its subsidiaries extensive holdings in central Australia's Amadeus and Pedirka Basins and 5 cored Coal Seam Gas (CSG) wells targeting coal and CSG in the Pedirka Basin.

In addition to the Phase One programme outlined above, certain wells are Northern Territory Department of Resources (DOR) minimum commitment wells and are required to be drilled within a certain timetable. These wells are Ooraminna 2 within EP 82 outside of the Magee Prospect Block (Red Sky Energy (NT) Pty Ltd ("ROG NT") 10%, Petroleum Exploration Australia ("PXA") 20% and Central Petroleum Limited subsidiary Helium Australia Pty Ltd ("HEA") 70%) and Johnstone 1 or a substitute well within EP 115 (ROG NT 10%, PXA 20%, Trident Energy Limited ("TRI") 10% and wholly owned Central Petroleum Limited subsidiary Frontier Oil and Gas Pty Ltd ("FOG") 60%). The wells are required to be drilled by September 1st 2010 and as such, the first well is planned to be spudded by mid April 2010.

Central, as Operator, has issued to the various Joint Venture participants, an Exploration or Appraisal Programme and Budget covering minimum DOR commitment activities for Ooraminna 2 and Johnstone 1 or substitute as well as Geological and Geophysical DOR minimum commitments in various permits totalling an estimated expenditure of approximately \$17.7 million gross. These works planned for 2010 are deemed to have been approved by the various pertinent Joint Venture participants pursuant to the provisions of the relevant Joint Operating Agreements and Central, as Operator, will proceed with such commitment works.



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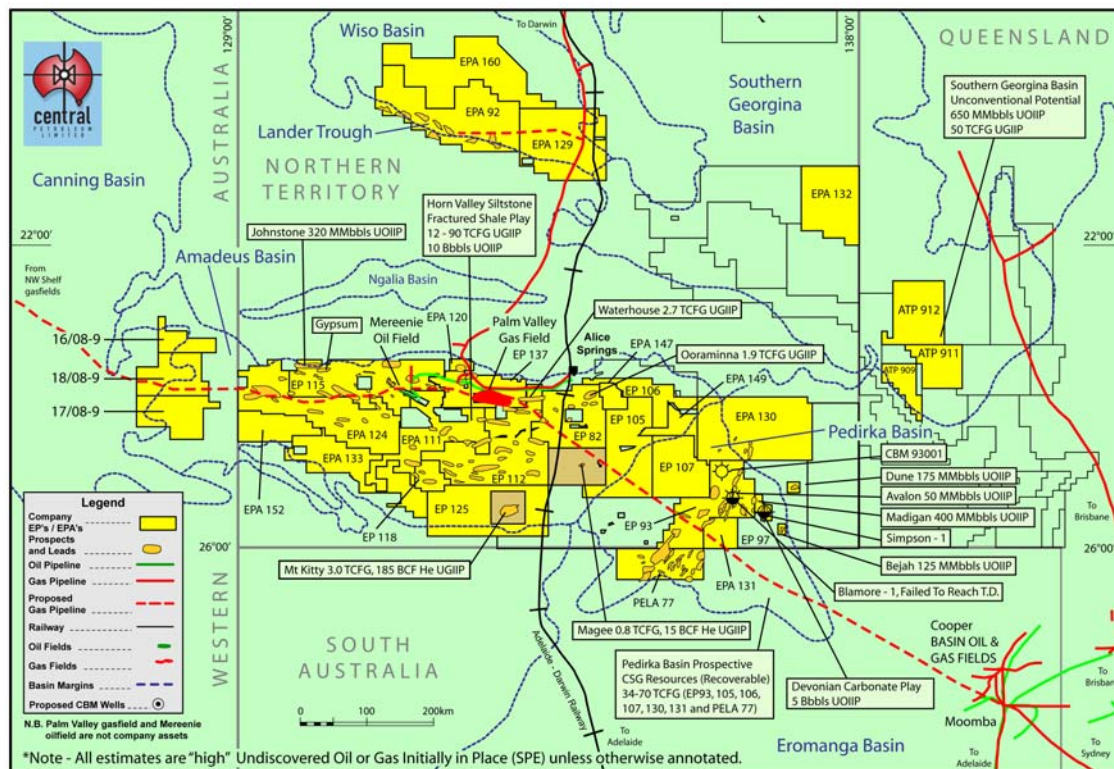
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Pursuant to the relevant Farm Out Agreements and Joint Operating Agreements between variously Central, certain of its subsidiaries, PXA, ROG NT, Red Sky Energy Limited, and He Nuclear Limited (“HEN”), a series of default notices have been sent today: (i) by Central, in its capacity as Operator of the various Joint Ventures, for recovery of monies owed to the affected Joint Ventures from defaulting parties for outstanding cash calls issued totalling approximately \$3.2 million; and (ii) by the respective Central subsidiaries for recovery of Farm-out Costs under various Farm Out Agreements totalling approximately \$6.2 million (this sum includes the previously referred 3.2 million).

Notwithstanding the defaults and the ultimate outcome of such notices, Central intends completing the current Phase One 2009/10 Exploration Programme, the additional drilling of Ooraminna 2 and Johnstone 1 or substitute well and, contingent upon additional seismic currently being acquired, the drilling of Magee 2 within the HEN Magee Prospect Block Joint Venture, (HEA 84.66%, HEN 15.34%) forming the southern portion of EP82 outside of the EP82 PXA, HEA, ROG NT Joint Venture.

Ooraminna 2 is essentially a step out or appraisal well following the successful flowing of gas to surface in 1963 from Ooraminna 1. The prospect may host up to 2 Trillion Cubic Feet of Gas (TCFG) at “high” estimate of Undiscovered Gas Initially In Place (UGIIP). The prospect is considered to be similar in geology and structure to the Palm Valley field in the Amadeus Basin, in that it is thought to have fracture dominant production potential and as such will require a deviated well to intersect the maximum number of vertical to subvertical fractures to enhance production potential.

Johnstone 1 forms part of a cluster of prospects in what is thought to be an oil rich permit area, EP 115. The cumulative Undiscovered Oil Initially In Place (UOIIP) at “mean” estimate is over 1,000 MMbbls. At this stage, pending review of additional seismic data shot this year in the area to supplement several previous campaigns, Johnstone 1 is the favoured drilling location but this preferred location may be changed

in priority. If the first well is a discovery well, it is possible that the drilling of one or more of the other prospects might be drilled back-to-back with the initial well and a 3D seismic campaign planned over any such discovery prior to development drilling.

Magee 2 is planned to be the second well drilled on the Magee Prospect, first drilled in 1992. The first well intersected a very thin Heavitree Formation horizon blanketed by the Gillen Salt Member which had successfully trapped hydrocarbon gases including condensate and most notably, helium at 6.2% concentration, a very high concentration by global standards. The second well planned, Magee 2 will target what is thought to be a much thicker target horizon which together with additional play types overlying this basal horizon may host in UGIIP at "high estimate" up to 800 billion cubic feet (BCF) of gas together with 15 BCF of helium, a very valuable commodity.

Yours sincerely



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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. "Resources estimates, assessments of exploration results and other opinions expressed by CTP in this announcement or report have not been reviewed by either Rawson Resources Ltd (RAW), Petroleum Exploration Australia Limited (PXA), QGC, Trident Energy Limited (TRI), He Nuclear Limited (HEN), Red Sky Energy (NT) Pty Ltd ("ROG NT"), or Red Sky Energy Limited (ROG). Therefore those resource estimates, assessments of exploration results and opinions represent the views of the Company only and not those of RAW, PXA, QGC, TRI, HEN, ROG NT, 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 reference to UCG potential represent the view of the company only and do not reflect the views of PXA, QGC, TRI, ROG NT or ROG. Exploration programmes which may be referred to in this announcement or report may not have been approved by relevant Joint Venture partners in whole or in part and accordingly constitute a proposal only unless and until approved.

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