

18 April 2012

Dear Shareholder,

I am writing to you to address some shareholder concerns about the issues currently affecting Central Petroleum Limited (“**Central**”) and to reinforce the Board’s commitment to maximising the value of Central’s assets for the benefit of all shareholders. I understand there has been much speculation recently about Central and I hope to be able to clarify some of these issues and outline the way forward.

General Meeting & Management Changes

The recent dismissal of former Managing Director Mr. John Heugh was a matter of regret to the other Board members and I. However, it was the view of the Board that there was no alternative action available.

This was a significant step to take – the decision was not taken lightly by the Board and only pursued after other options had been explored. The Board intends to convene a General Meeting to remove Mr. Heugh as a non-executive director of the Company.

Central will vigorously defend the legal proceedings issued by Mr. Heugh in which he is disputing the termination of employment. Further updates will be provided to shareholders as required.

Central does not intend to appoint another Managing Director at this point in time. We have sought out and appointed an active, highly capable and extremely well-qualified Acting Chief Executive Officer in Mr. Dalton Hallgren, who we support completely to deliver the value creation which Central and its shareholders deserve.

Moving forward in the best interests of shareholders

Central is in excellent shape and proceeding well despite the distractions of the legal and corporate activities currently taking place. These distractions are being handled capably by Central’s legal and company secretarial teams with very minimal interference on Central’s normal exploration and development activities. We are completely committed and focused on commercialising the potential within our vast acreage position in Central Australia and developing the Surprise-1 REH well oil field discovery.

The forward strategy is to actively promote farm-in activity in relation to our large holdings of highly prospective acreage. Farm-in agreements are necessary for the future growth and development of your Company, through a reduction in our exploration and development commitments and to manage risk prudently. It will also enable Central to undertake a large increase and acceleration in our exploration activity, thereby strengthening the overall valuation of our acreage. This activity will be designed to manage valuable shareholders’ funds prudently and as such, our goal is not to have drilling programs where Central funds 100% of the costs.

We have received an unprecedented amount of genuine interest from potential farm-in partners and several negotiations are currently in play. The Board has adopted an industry



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standard Confidentiality Agreement that other industry players are comfortable with, and we will report to our shareholders and the market as soon any agreement is in place.

Our new initiative to expedite and promote our farm-in opportunities is gaining momentum. We are aiming to partner with genuine explorers and developers who are able to collaborate with Central in realising the value of our underexplored holdings, and not just take opportunistic positions in your Company. While we are eager to finalise farm-in agreements for some of our acreage, we will not proceed with any agreement that undervalues our acreage potential for the sake of completing a deal.

The potential of our own material acreage holdings, and others in the Central Australia region, is now being recognised by the international oil and gas industry following Central's discovery at Surprise. As Central has the largest holding of prospective onshore conventional/unconventional acreage, we are well placed to capitalise on the current market opportunities to deliver shareholder value.

Solid funding position

The recent settlement of an \$11 million institutional placement provides an immediate injection of cash to your Company and underpins the funding currently needed for the planned appraisal work at the Surprise discovery. The capital injection also ensures that we are adequately funded to be able to properly assess and finalise ongoing farm-in discussions.

Operational progress: 3D seismic and EPT

The 3D and 2D seismic surveys over the Surprise structure in EP-115 are ready to be awarded. Seismic acquisition is planned to commence in mid-May 2012 and processing of the 3D is expected to be completed by early August 2012.

Various applications to conduct an Extended Production Test (EPT) at the Surprise well continue to be progressed. As recently announced, we are working on a 40-kilometre short-cut access road from our Surprise well to the main Kintore bypass road.

This new road will be an all-weather road to ensure access regardless of the wet season and will help mitigate the transportation timing and costs to get our oil to market. It will also shorten our travel distance and time for supplies and equipment to reach our EPT and future drilling operations.

We are also working closely with the Northern Territory Government on improving the Kintore road to an all-weather road given some of the difficulties in access we experienced during the drilling operations. It is important that upon any oil flowing, we are able to get it to market with minimal delay.

The extensive process of establishing logistics and coordinating the equipment necessary for the EPT is progressing as planned, while contract negotiations which are necessary for the sale of our oil are continuing. We are currently working towards the commencement of EPT operations in May 2012, the outcome of which will be very significant for the Company.

Your continued support is greatly appreciated

The Board and I are acutely aware that the recent corporate events have created a period of uncertainty for you – our shareholders. We will endeavour to keep our shareholders and the market updated on the progress of our operations at Surprise, corporate issues and farm-in agreements as allowable.

We are eager to progress the Surprise discovery towards commercial success and advance your Company along the growth path. With your support, we can move forward and ensure that Central achieves its full potential as an oil and gas production and exploration company in Central Australia.

Thank you for your continued support. I look forward to reporting to you with positive developments for your Company in the near future.

Yours sincerely
Central Petroleum Limited



Dr. Henry Askin
Chairman

General Disclaimer:

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