

TO: Manager, Company Announcements ASX Limited 09.10.14
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RED SKY FARM-IN
DEED OF ASSUMPTION NOT YET EXECUTED

The Company refers to its previous announcements to the ASX of 1 October 2009 and 2 October 2009, in relation to the farm-in to certain of the Company's energy focused permits in central Australia by Red Sky Energy (NT) Pty Ltd ("Red Sky"), a wholly owned subsidiary of Red Sky Energy Limited (ASX: ROG).

It is a requirement of the farm-in arrangements with Red Sky that Petroleum Exploration Australia Limited ("PXA") executes certain deeds of assumption. The Company maintains its view that, under the terms of the existing farmout and joint operating agreement(s) between the Company and PXA, PXA is compelled to execute the deeds of assumption. The Company formally requested PXA to execute the deeds of assumption by no later than Wednesday 14 October 2009.

As at the time of this announcement, the Company has not received counterparts of the relevant deeds of assumption duly executed by PXA.

As the implementation of the Red Sky farm-in agreements requires the execution of the deeds of assumption by PXA, a potential consequence of PXA not executing the deeds is that Red Sky may not become a Participant and the Joint Venture may continue at an impasse. This could result in the commencement of the joint venture's Phase 1 exploration programme (which, as disclosed on 1 October 2009, comprises five coal seam gas wells, the 2 TCFG UGIIP (high estimate) Ooraminna prospect in EP82 and 1,350 kilometres of seismic across the Amadeus and Pedirka Basins) or other proposals being further delayed, or prevented and place the good standing of the permits in jeopardy.

Already, because of delay in approval of the Phase 1 drilling programme, the drilling rig previously considered for Ooraminna 2 is no longer available, and there is a serious risk that no other drilling rig will become available during the remainder of 2009 for this well.

A meeting of the Board has been convened for Thursday 15 October, at which the Board will consider the appropriate action for the Company to take.

Sincerely,



John Heugh
Managing Director
Central Petroleum Limited



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