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TRILLION TONNE POTENTIAL FOR COAL TECHNOLOGY

OPTIONS IN SA-NT BORDER AREA

A new report has identified an area of the Simpson Desert straddling the South Australian-Northern Territory border as sufficiently promising to be a serious contender in Australia's rapidly emerging underground coal gasification, coal bed methane and gas-to-liquids industries.

The report, the full text of which will be released shortly, found potential for well in excess of one trillion tonnes of coal in the Purni Formation of the Pedirka Basin with estimates suggesting the coal seam potential is very well identified between 200 and 1,000 metres depth.

The findings will now be used by Perth-based Central Petroleum Limited (ASX code: "CTP") to explore further the potential for various technology applications such as UCG, GTL and CTL.

CTP commissioned the independent report, authored by geologists Phillip A. Jones B.AppSc(Geol), MAusIMM, MAIG and Allen J. Maynard BAppSc(Geol), MAIG, MAusIMM of independent geological consulting firm, Al Maynard & Associates, in the wake of the discovery by the Company late last year of significant coal thicknesses of well over 100 metres of cumulative coal seams in the Purni Formation.

The report's authors were asked to determine the total tonnage of Permian coal in the Basin that could possibly be amenable to underground coal gasification (UCG) and/or coal bed methane (CBM) gas extraction as a possible feedstock for gas to liquids (GTL) processes.

Central Petroleum has other joint ventures over the acreage but is pursuing in its own right, outside the current Joint Venture, the potential for UCG and GTL options in the Pedirka Basin.

"The findings are a solid outcome and whilst there has not yet been sufficient drilling to arrive at a JORC resource estimate, the report has defined a coal "Exploration Target" potential of between 0.6-1.3 trillion tonnes above 1,000m with a total tonnage inclusive of deeper coal sections of between 1.5 to 2.1 trillion tonnes in CTP's combination of Mining and Petroleum Act permits and applications that covers most of the same ground," Central Petroleum's Managing Director, Mr John Heugh, said today.

"This is a significant conclusion, as the estimate is based on a realistic contribution of several factors, including a fresh interpretation of the geometry of the Basin, three dimensional data from seismic surveys, 2008 drillholes including cumulative coal intercepts of much greater than 100 metres, and supporting geophysical downhole logging data."

"We were already aware from previous modelling that the Basin's coal footprint extends over more than 9,000 km² of the Purni Formation alone in EP 93, just one of the Company's Pedirka Basin tenements, so this is a further step along the confidence path to vindicate substantive coal focussed drilling throughout the Basin."

The tonnage estimates are contained in a combination of petroleum and mining permits dually or singularly held by Central Petroleum over the total footprint hosting the coal seams. The dual tenure enacted by the Company is a strategic move to



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ensure that clarification by State Authorities (NT & SA Governments) of how competing coal gas extraction technologies will be permitted will be covered under either "Mineral" or "Petroleum" legislation.

The tonnages reported today are held under the following:

Mining Act Permits: Total area c. 19,000 km²

Coal above vertical depth of 1,000m range 615 - 655 billion tonnes

Coal below vertical depth of 1,000m range 935 - 985 billion tonnes

Petroleum Act Permits: Covering coal in the Pedirka c. 28,000 km²:

Coal above vertical depth of 1,000m range 1,205 -1,265 billion tonnes

Coal below vertical depth of 1,000m range 900 - 945 billion tonnes

Industry experience to date suggests that the range of energy available per tonne of coal via UCG processes is 10-20 gigajoules per tonne. This equates to approximately 1 bbl - 2 bbl of liquid petroleum products such as diesel, jet fuel or naphtha per tonne of coal if the gas was put through a GTL plant.

"In addition to today's findings, we are also encouraged by the positive UCG trial results being obtained by sector leading operators such as Linc Energy and Carbon Energy," Mr Heugh said.

"These trial results also compare favourably with the long history of UCG applications fuelling a 400 MW power station in Uzbekistan. The operator there, Yerostigaz, is, so far, the only company in the world that has commercially produced Underground Coal Gas (UCG) for use as feedstock for the generation of power.

"Not only has it commercially produced gas for nearly 50 years commencing production in 1961 but it has done so continually and without interruption to gas supply during that period."

"The technology being favoured in Australia's developments in these sectors has also undergone significant innovative improvements in recent years compared to the old UCG and GTL technologies dating back to World War II. We are therefore encouraged and heartened at many levels about the near term coal technology options for the Pedirka Basin that CTP aims to commercialise for the benefit of its Shareholders."



John Heugh
Managing Director,
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