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PTY LTD
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frontier
OIL & GAS
PTY LTD
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helium
AUSTRALIA
PTY LTD
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WEST
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GREEN
PTY LTD
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ASX ANNOUNCEMENT

ASX CODE: CTP

01 September 2010

TO: The Manager, Company Announcements ASX Limited

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OIL PRIORITIES FOR CENTRAL PETROLEUM

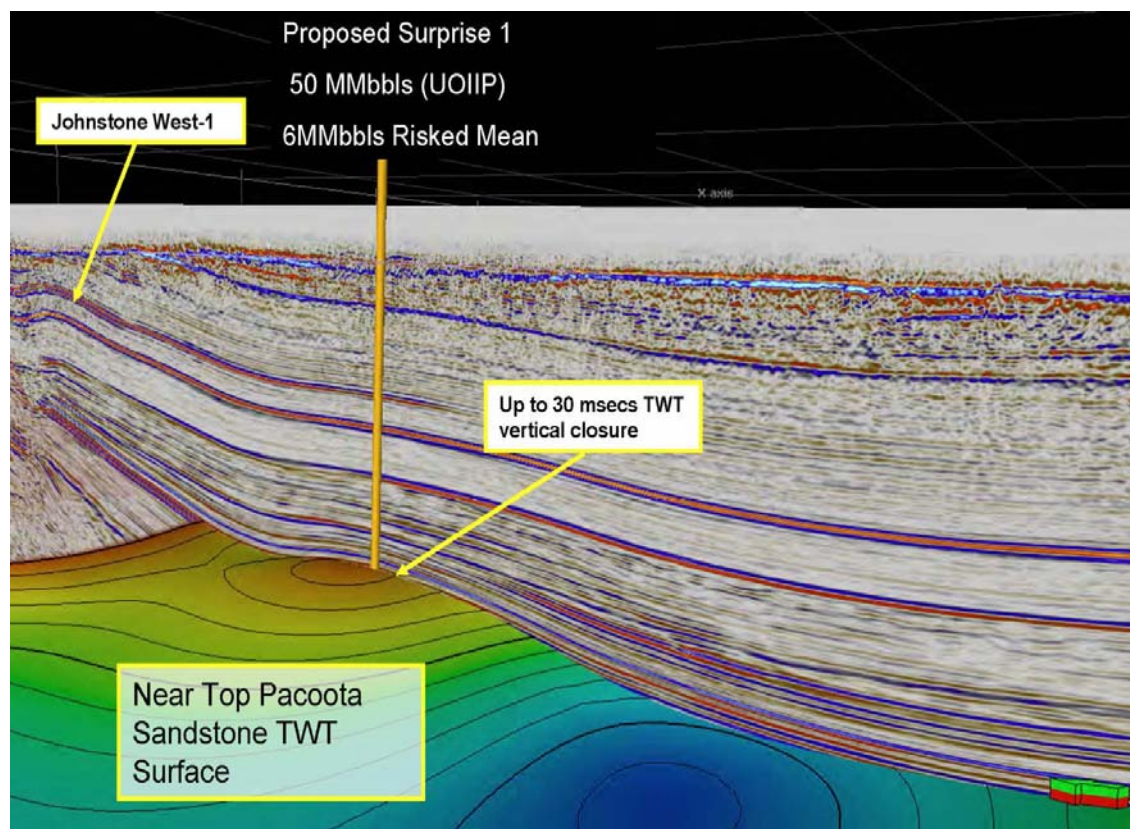
Central Petroleum Limited (**ASX:CTP**) ("Central"), advises of a change in its planned 2010 drilling programme which will prioritise its pursuit of oil targets in the Amadeus Basin in order to maximise the opportunity of short term cash flows, rather than the longer term and more capital intensive Helium/gas targets.

MAGEE 2

Whereas Central maintains its belief in the fundamental prospectivity of the 800 BCFG ("high" estimate UGIIP) and 15 BCF helium ("high" estimate UGIIP) Magee 2 well, it has resolved to place priority on the evaluation of oil targets and consequently the deeper Magee 2 well targeting the Heavitree and Arumbera Sandstones is not to be drilled in the 2010 drilling campaign but will be deferred to a later campaign.

An additional consideration for the company in deciding to defer the Magee 2 well is the current inability of Oil and Gas Exploration Ltd (previously He Nuclear Ltd) ("OGE") to pay 50% of the funding needed for the Magee 2 drilling programme. OGE owes approximately \$1 million in unpaid cash calls for both the Magee and the Mt Kitty joint ventures but has ceded its voting and pre-emptive rights to Central for a period of five years and is obligated to pay up all outstanding amounts prior to the spudding of the Magee 2 or any substitute well chosen or it will lose its current 50% participating interest in the joint venture over the Magee prospect block.

SURPRISE 1



Central is constructing a drill pad at the Surprise 1 oil well location approximately 8 km down dip in a trough to the south of the location of Johnstone West-1 well which will give Central the flexibility to drill Surprise 1 at short notice if Johnstone West-1 is a successful well. Central believes that the prognosed Horn Valley Siltstone and various shales and tight gas/oil sands in the Stairway Sandstone Formation in both the Johnstone and Surprise prospects are favourably located with respect to potential maturation and thickening and possibly represent unconventional objectives in addition to the conventional oil/gas reservoir objectives. The Surprise prospect is estimated to host up to 50 MMbbls oil at "high" UOIIP and 5 MMbbls oil fully risked mean UOIIP in conventional reservoirs and the location in the middle of the prognosed oil "kitchen" to the south of the Johnstone structure is highly regarded.

SHALE GAS AND OIL

Central has previously announced considerable potential for the exploration and possible development of aerially extensive shales for gas and oil in its extensive holdings in the Amadeus Basin and the Georgina Basin. The over 40,000 km² cumulative areas of the Horn Valley Siltstone in the Amadeus Basin and the Arthur Creek Shale in the Southern Georgina Basin within Central's holdings are thought to host up to 100 TCFG in UGIIP and have multi-billion barrel UOIIP potential. To capitalise on this opportunity, Central has appointed David Warner (Adelaide), Advanced Well Technologies (Perth), RPS Scotia (Dallas) and MBA Petroleum Consultants (Brisbane) to conduct in depth studies of shale gas, shale oil, tight gas sands and tight oil sands development potential in these areas. Any promising shale units will be cored at Johnstone West-1 and if drilled, Surprise-1 to gain fresh data which will be fed into the shale gas/oil study already under way.



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NOTICE: The participating interests of the relevant parties in the respective permits and permit applications which may be applicable to this announcement are:

- EP-82 (excluding the Central subsidiary Helium Australia Pty Ltd ("HEA") and He Nuclear Ltd ("HEN") Magee Prospect Block) - HEA 100%
- Magee Prospect Block, portion of EP 82 – HEA 84.66% and HEN 15.34%.
- EP-93, EP-105, EP-106, EP-107, EPA-92, EPA 111, EPA-129, EPA-131, EPA-132, EPA-133, EPA-137, EPA-147, EPA-149, EPA-152, EPA-160, ATP-909, ATP-911, ATP-912 and PELA-77 - Central subsidiary Merlin Energy Pty Ltd 100% ("MEE").
- The Simpson, Bejah and Dune Prospect Block portions within EP-97 – MEE 80% and Rawson Resources Ltd 20%.
- EP-125 (excluding the Central subsidiary Ordiv Petroleum Pty Ltd ("ORP") and HEN Mt Kitty Prospect Block) and EPA-124 – ORP 100%.
- Mt Kitty Prospect Block, portion of EP 125 - ORP 75.41% and HEN 24.59%.
- EP-112, EP-118 and EPA-120 - Central subsidiary Frontier Oil & Gas Pty Ltd ("FOG") 100%.
- EP-115 FOG 90%, Trident Energy Limited 10%..
- PEPA 18/08-9 PEPA 17/08-9 and PEPA 16/08-9 - Central subsidiary Merlin West Pty Ltd 100%.
- EPA 130 MEE 55% and Great Southern Gas Ltd 45%

General Disclaimer and explanation of terms:

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. Unless otherwise annotated any potential oil, gas or helium UGIIP or UOIIP figures are at "high" estimate in accordance with the guidelines of the Society of Petroleum Engineers (SPE) as preferred by the ASX Limited but the ASX Limited takes no responsibility for such quoted figures.

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 relevant Joint Venture partners. Therefore those resource estimates, assessments of exploration results and opinions represent the views of Central only. Exploration programmes which may be referred to in this announcement or report have not been necessarily been approved by relevant Joint Venture partners and accordingly constitute a proposal only unless and until approved.