

ASX ANNOUNCEMENT

25 June 2010

ASX CODE: CTP

TO: The Manager, Company Announcements ASX Limited
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CENTRAL AND PXA SETTLE

Central Petroleum Limited ("Central" or "the Company") is pleased to announce today that it has settled a dispute over the validity of outstanding cashcalls with Petroleum Exploration Australia Pty Ltd ("PXA"). As part of the settlement PXA has agreed to pay \$4.25 million to Central and to withdraw from the Joint Ventures. PXA will return all of PXA's participating interests in the Joint Ventures listed in the notice below.

The settlement represents PXA's contribution towards agreed Phase I activities, including 5 CSG wells and 1,350km of seismic. The settlement also ends arbitration between Central and PXA over the validity of the Red Sky Energy Farm in.

Central remains determined to develop and monetise the potential of its JORC "Exploration Target" category coal measures in the Pedirka Basin and intends to examine the potential for underground coal gasification (UCG), coal to liquids (CTL) and also coal mining and beneficiation.

Previous independent reports have estimated the total tonnage of coal above 1,000m as being 635 billion tonnes ("low" estimate) to 865 billion tonnes ("high" estimate) within Central's wholly owned subsidiary, Merlin Coal Pty Ltd's mineral leases and 1,110 billion tonnes ("low" estimate) to 1,385 billion tonnes ("high" estimate) above 1,000m in the same category in Central's petroleum leases in the same area in the JORC "Exploration Target" category. (Mulready and Maynard June 2009). Note : the potential quantity and grade of the coal is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource

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

EP-82 (excluding the Central subsidiary Helium Australia Pty Ltd ("HEA") and He Nuclear Ltd ("HEN") Magee Prospect Block) - HEA 70%, Petroleum Exploration Australia Ltd ("PXA") 20% and Red Sky Energy (NT) Pty Ltd ("ROG NT") 10%.

EP-93, EP-105, EP-106, EP-107, EPA-92, EPA-129, EPA-131, EPA-132, EPA-133, EPA-137, EPA-147, EPA-149, EPA-152, ATP-909, ATP-911, ATP-912 and PELA-77 - Central subsidiary Merlin Energy Pty Ltd 70% ("MEE"), PXA 20% and ROG NT 10%.

The Simpson, Bejah and Dune Prospect Block portions within EP-97 - MEE 65%, Rawson Resources Ltd 20% and PXA 15%.

EP-125 (excluding the Central subsidiary Ordiv Petroleum Pty Ltd ("ORP") and HEN Mt Kitty Prospect Block) and EPA-124 - ORP 70%, PXA 20% and ROG NT 10%.

EP-112, EP-118 and EPA-120 - Central subsidiary Frontier Oil & Gas Pty Ltd ("FOG") 70%, PXA 20% and ROG NT 10%.

EP-115 & EPA-111 - FOG 60%, PXA 20%, Trident Energy Limited 10% and ROG NT 10%.

PEPA 18/08-9 PEPA 17/08-9 and PEPA 16/08-9 - Central subsidiary Merlin West Pty Ltd 70%, PXA 20% and ROG NT 10%.



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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. 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 either Petroleum Exploration Australia Limited (PXA), QGC, Trident Energy Limited (TRI), He Nuclear Limited (HEN) 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 PXA, QGC, TRI, HEN 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 or ROG. Exploration programme which may be referred to in this announcement or report have not been approved by relevant Joint Venture partners and accordingly constitute a proposal only unless and until approved.

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