

ASX ANNOUNCEMENT

ASX CODE: CTP

12 December 2011

TO: The Manager, Company Announcements ASX Limited

CONTACT: John Heugh +61 8 9474 1444

HORIZONTAL WELLBORE TO TEST SURPRISE-1

- Lateral completion of up to 700m planned to test Lower Stairway Sandstone
- 17m of gross hydrocarbon column interpreted in Lower Stairway Sandstone
- Permeabilities up to 420 Millidarcys (mD)

Central Petroleum Limited (ASX:CTP) ("Central" or the "Company"), has pleasure in announcing that interpretation of electric logs, cuttings sampling, gas chromatography and coring to date has indicated a possible gross oil column in the Lower Stairway Sandstone of up to c.17m, with permeabilities ranging up to 420 Millidarcys measured in a 9m cored zone. Smaller hydrocarbon zones up to c.1m in the Middle Stairway Sandstone and up to c.2m in the Top Pacoota Sandstone have also been interpreted.

The presence of hydrocarbons and elevated organic material in sections of the Horn Valley Siltstone has also been interpreted and samples taken will be studied for unconventional shale oil/gas potential.

Only the hydrocarbon zones in the Lower Stairway and the Middle Stairway are thought to have flow potential using conventional production techniques (ie not using hydraulic fracturing). It is planned to complete a seismic check shot survey over the section from surface to the Total Depth reached to date of 2,732m RKB before running 7 inch casing. It is then planned to mill a window in the casing above the Middle Stairway Sandstone before directionally drilling a 6 inch sidetrack to intersect and drill a horizontal wellbore of up to c.700m through the interpreted Lower Stairway oil column. The angle build and horizontal wellbore sections will utilise a gamma ray tool for geo steering, a modern technique commonly used to ensure accurate placement of the well bore within the potential production reservoir. Underbalanced drilling techniques to minimise formation damage and maximize production potential are planned together with a "barefoot" (uncased open hole) for completion, testing and possible production.

Mr Dalton Hallgren, the Company's recently appointed Chief Operating Officer and well qualified directional and horizontal Drilling Engineer, will take personal charge at the well site of the horizontal drilling and testing programme expected to commence by late this week following the setting of casing.

"The results thus far from the drilling and logging of Surprise-1 are such that a horizontal wellbore test of the Lower Stairway Sandstone is considered appropriate" said Mr John Heugh, the Managing Director this morning. "Movable oil has yet to be proved but the Company is optimistic and believes that a horizontal wellbore offers the best possible chance for oil flow to surface by accessing a much longer sandstone section than is possible via a vertical wellbore."



central
PETROLEUM
LIMITED
ABN 72 083 254 308

Phone: 08 9474 1444
Fax: 08 9474 1555

Street Address:
Suite 3, Level 4
Southshore Centre
85 South Perth Esplanade
South Perth
Western Australia 6151

Postal Address:
PO Box 197
South Perth
Western Australia 6951

info@centralpetroleum.com.au

Wholly owned
subsidiaries:

merlin
ENERGY
PTY LTD
ABN 95 081 592 734

merlin
COAL
PTY LTD
ABN 81 134 469 471

ordiv
PETROLEUM
PTY LTD
ABN 29 111 102 697

frontier
OIL & GAS
PTY LTD
ABN 91 103 194 136

helium
AUSTRALIA
PTY LTD
ABN 11 078 104 006

merlin
WEST
PTY LTD
ABN 59 114 346 968

central
GREEN
PTY LTD
ABN 84 128 245 876

central
GEOHERMAL
PTY LTD
ABN 86 128 245 885

central
PETROLEUM
SERVICES
PTY LTD
ABN 57 140 628 155

The Surprise ST-1 well has reached a Total Depth of 2,732m RKB within the Pacoota Sandstone in 8.5 inch hole size. These preliminary results are all subject to review and revision as more data is acquired. Further updates will be released as significant results come to hand. The revised programme is subject to the approval of the Northern Territory Department of Resources.

Given the timing of these operations, a further extension of the Share Purchase Plan is being considered. Any conclusions will be the subject of a further announcement.



Return mud-stream Surprise-1 showing free gas breakout and oil slicks in 8.9 ppg/1.07 SG mud (slightly overweight)-viewed on circulation after electric logging runs before planned check shot survey. Gas composition C1/C2/C4/C5 percentages 41 /24/ 20/ 11/ 4 respectively. Note : No conclusions can be definitively made on the capability of the well to flow oil to surface from these indications but they are regarded as positive indicators rather than negative indicators.

John Heugh



Managing Director
Central Petroleum Limited

For further information contact:

John Heugh Tel: +61 8 9474 1444 or

Ray Beatty Corporate Writers Tel: +613 9224 5272, M: +61 409 174 565

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 Oil & Gas Exploration Limited ("OGE") (previously He Nuclear Ltd) Magee Prospect Block) - HEA 100%
- Magee Prospect Block, portion of EP 82 – HEA 84.66% and OGE 15.34%.
- EP-93, EP-105, EP-106, EP-107, EPA-92, EPA-129, EPA 130, 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, Dune and Pellinor 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 OGE Mt Kitty Prospect Block) and EPA-124 – ORP 100%.
- Mt Kitty Prospect Block, portion of EP 125 - ORP 75.41% and OGE 24.59%.
- EP-112, EP-115, EP-118, EPA-111 and EPA-120 - Central subsidiary Frontier Oil & Gas Pty Ltd 100%.
- PEPA 18/08-9, PEPA 17/08-9 and PEPA 16/08-9 - Central subsidiary Merlin West Pty Ltd 100%.

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 approved by relevant Joint Venture partners and accordingly constitute a proposal only unless and until approved. All exploration is subject to contingent factors including but not limited to weather, availability of crews and equipment, funding, access rights and joint venture relationships.

This document may contain forward-looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Central. These risks, uncertainties and assumptions include (but are not limited to) commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates. Actual values, results or events may be materially different to those expressed or implied in this document. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Any forward looking statement in this document is valid only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, or any other Listing Rules or Financial Regulators' rules, Central, its agents, directors, officers, employees, advisors and consultants do not undertake any obligation to update or revise any information or any of the forward looking statements in this document if events, conditions or circumstances change or that unexpected occurrences happen to affect such a statement. Sentences and phrases are forward looking statements when they include any tense from present to future or similar inflection words, such as (but not limited to) "believe," "estimate," "anticipate," "plan," "predict," "may," "hope," "can," "will," "should," "expect," "intend," "is designed to," "with the intent," "potential," the negative of these words or such other variations thereon or comparable terminology, may indicate forward looking statements.