

ASX ANNOUNCEMENT

ASX CODE: CTP

03 January 2012

TO: The Manager, Company Announcements ASX Limited

CONTACT: John Heugh +61 8 9474 1444

Clarification on Previous Announcement 064970: There is clearly some difficulty in interpretation of one part of this announcement and there is an error in a gas composition quoted. A revised announcement to clarify this follows with modifications in italics.

CENTRAL PREPARES TO FLOW TEST SURPRISE-1 RE-ENTRY H

- **Flow testing planned by Friday 6 January 2012**
- **Approximately 230m of horizontal drilling with continuous oil and gas shows in sandstone completed**
- **Gross Vertical Thickness of continuous oil shows approximately 28m**
- **Continuous oil droplets in drilling fluid with occasional flow ribbons over shale shakers**

Central Petroleum Limited (ASX:CTP) ("Central" or the "Company") advises shareholders that flow testing of the well is planned to commence late this week.

A Measured Depth of approximately 2,854m with a True Vertical Depth of approximately 2,534m has been reached with approximately 230m of horizontal drilling in the target reservoir. Tight hole conditions have developed in the angle build section of the wellbore and consequently further drilling has been discontinued to safeguard the well integrity. It is planned to run a sleeve of 2.875" production tubing through this section to counter sloughing claystones and siltstones of the Middle Stairway Sandstone Member before testing commences. This will prevent any problems during testing and possible subsequent production.

Throughout the horizontal drilling, some dip changes were encountered but the drill bit remained in sandstone with continuous oil shows and during only approximately 10m of horizontal drilling were oil shows rated at less than good to excellent. 100% dull to bright yellow fluorescence and instant blue/white cut fluorescence were commonly recorded. ***ie c.230m of measured depth horizontal drilling was completed with a cumulative total of c.230m of continuous oil shows, c.220m of which were rated at good to excellent and c.10m of which were rated at poor to fair.***

A drill break was evident at 2,676m Measure Depth. On circulation to the surface, black oil was evident on the shale shakers and a gas peak of 1,167 units was recorded with ***C1/C2/C3/iC4/nC4/iC5/nC5*** percentages of 2/4/24/12/30/14/14 % respectively. Similar "heavy gas" dominated recordings were evident throughout drilling and circulation averaging in excess of 30-50 units with occasionally much higher peaks.



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

A continuous stream of oil on the surface of the possum belly 2-3cm wide was observed on occasion together with drilling fluid (brine) discoloured pale brown over shakers since the report released on 28 December 2011. Most of the time during drilling and circulation, free oil droplets were observed in the drilling fluid; on occasion covering approximately 60% of the surface of samples taken.

Continuous oil shows have been recorded over a Gross Vertical Thickness of approximately 28m.



Layer of oil on surface of sump during drilling. This has now been skimmed off and stored in environmentally safe containers for later disposal.



Oil coating 6" drill bit during horizontal drilling operations.

Further updates will be provided when any significant information becomes available.

Any results or conclusions reported are based on preliminary data analysis and may be subject to change as more data becomes available. Nothing in this report represents or should be construed to represent any conclusions as to the flow capability of the well. Such conclusions must await actual flow testing.

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.