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TO: Manager, Company Announcements Australian Stock Exchange Limited

CONTACT: John Heugh +61 8 9474 1444

EPA 137

Central Petroleum has made application for an additional 108 (5 minute by 5 minute) graticular blocks of prospective petroleum exploration ground surrounding the Palm Valley producing field in the Amadeus Basin.

The ground came out of a moratorium on negotiations with the Central Land Council on Monday the 24th July 2006.

The 8,400 square kilometres of the application area are considered to be prospective for petroleum in a number of stratigraphic horizons including the Ordovician Pacoota and Stairway Sandstones in Petroleum System 5 and the Late Proterozoic Bitter Springs Group in Petroleum System 2. One lead, the Palm Valley West lead lying almost wholly within the application area is thought by the Northern Territory Geological Survey to have potential for up to 2 TCFG of GIP in un-drilled prospective resources.

Secondary target potential may exist in the Gosses Bluff meteorite impact structure where an annular anticlinal rim has shown rollover affecting the Pacoota Sandstone in previous seismic studies.

Central Petroleum now has priority over the ground in accordance with existing legislation but the grant of the permit is not guaranteed and may take a significant time to achieve involving negotiation with the Central Land Council representing traditional owners.

The total area operated by Central under granted and application status including Special Prospecting Authority 704-5 in Western Australia is now over 200,000 square kilometres, the first application of which was made in 1998, when oil was trading at \$12 USD/bbl.

Sincerely,



John Heugh
Managing Director
Central Petroleum Limited

Wholly owned
subsidiaries:

merlin
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PETROLEUM
PTY LTD
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