

28 May 2012

**RELINQUISHMENT OF GEOTHERMAL EXPLORATION PERMITS**

Central Petroleum Limited (“Central”) wishes to advise that it has received formal notification confirming the relinquishment of its geothermal exploration permits. The Board’s decision to relinquish these non-core assets was a result of the Company’s ongoing asset portfolio review.

The three geothermal exploration permits were considered to be non-core relative to Central’s other conventional and unconventional acreage holdings, particularly in light of the recent conventional oil discovery at Surprise in the Amadeus Basin and the near-term financial commitments which will be required to appraise that field.

Heavy expenditure obligations on the geothermal permits of \$11 million over four years, including \$7 million in the first two years, were determined not to constitute the best use of existing funds.

Acting CEO, Dalton Hallgren said, “The relinquishment of these non-core holdings allows the Company to focus on the assets that are expected to deliver the best return on investment. From both a financial and management perspective, the expenditure required to advance these geothermal assets was not considered in the best interests of the Company and its shareholders.”

The Company has canvassed expressions of interest for both farmin and acquisition opportunities as an alternative to the relinquishment of the geothermal exploration permits, and received no interest from any party.

Ends

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**General Disclaimer and explanation of terms:**

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 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%

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 Central 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. 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.

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