

Managing Director's Letter to Shareholders and Notice of Investor Briefings

9 July 2012

Dear Shareholders,

It is my privilege to write to you following my appointment as your Managing Director at the EGM held on 22 June 2012 in Perth. I was humbled by your overwhelming support at that meeting for my election and relish the challenge of creating shareholder value out of the undoubted potential of our assets which are now starting to be realised.

Against a background of challenging financial markets and external ructions surrounding the company over the past few months, there has continued to be significant activity taking place operationally within Central Petroleum. Most importantly, we have achieved a significant milestone at the Surprise-1 REH well oil field discovery and continue to progress the farm out process of our acreage with a number of international E&P leaders. I am pleased to provide you with this update on Central Petroleum Limited and the Company's recent operational activities and look forward to reflecting on the milestones we intend to achieve over the next few months at the company's November AGM.

Surprise EPT commenced – first oil to market

The Surprise Extended Production Test (EPT) was a significant milestone in Central Petroleum's history with oil flow commencing on 20 June 2012 following approval from the Northern Territory Department of Resources (NTDOR) with first oil delivered to market in early July.

A Crude Oil Sale and Purchase Agreement was signed for the length of the EPT, which is three months, and allows Central to commence receiving its first oil sale cash flows. Should a Production Licence for the Surprise discovery area be granted by the NTDOR then the Company intends executing a further purchase agreement to cover licence production.

Central's plan for the EPT is to conduct a 1-month detailed test at a low flow rate (expect 100-200 barrels per day) so that our technical team can obtain the reservoir data mentioned above. Following the first month of testing, flow rates will be slowly increased to test reservoir limits and provide cash flow to the Company.

EPTs are an important part of appraising new oil discoveries. They are important for the evaluation of the productivity and various physical characteristics of a reservoir. Clearly understanding the reservoir's optimal potential will help us reduce production and development risks. In particular, EPTs are used to;

- Estimate reservoir volume and confirm reserves for field development;
- Confirm long-term reservoir deliverability;
- Pilot future facility designs during actual field development; and
- Obtain additional production-related data, such as water cut, sand production, and well deliverability.

The Company believes undertaking an extensive EPT will assist in minimising risks related to developing the field for long-term, sustained production. Based on successful testing and



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favourable reservoir results during the EPT, Central plans to design a Development Program for Surprise and apply for the relevant governmental approvals.

Whilst the EPT is underway Central has also commissioned a 3D seismic program over the greater Surprise structure to assist with our understanding of the discovery. Our technical teams are carefully coordinating operations of the EPT with seismic data collection to avoid seismic interference.

The 3D seismic program over 82km² Surprise structure in EP-115 in the Northern Territory is approximately 60% complete with line clearing commenced at the northern part of the Perdirka Basin across the EP-97 Pellinor Block.

Data recording is expected to be completed in August/September 2012, with data processing to follow. We also plan to acquire additional regional 2D seismic data in close proximity to the 3D grid to further define additional structures to drill, similar to the salt diapir-induced anticline at Surprise. Preparations are progressing for the acquisition of 2D seismic.

Meanwhile, infrastructure upgrades to assist our production aspirations continue with the Kintore bypass road and improvement to the existing Surprise access road which was completed in early June and is currently being used to truck oil sales to market. In addition, Central recently purchased and set up a 20-man camp at the Surprise location which is being used during the EPT and will be used for future appraisal and drilling activity.

Farm out discussions

Since April 2012, Central has received an unprecedented amount of interest from both international and domestic oil and gas companies in regards to our central Australian acreage. The best interests of the Company and all shareholders are "top of mind" as we carefully assess all the options available to realising the value in our substantial acreage asset.

I'm pleased to report that detailed commercial discussions have and continue to take place with various parties, including major global energy companies, who have accessed the data room with the intention to join us as a prospective joint venture partner. We hope to be in a position to announce a significant and favourable commercial partnership in the near future.

We reiterate that it is our intention to participate with capable and well-funded project partners with the ability to conduct extensive exploration programs which will importantly assist in de-risking Central's extensive onshore acreage portfolio.

Investor Briefings

With the substantial activity taking place within our Company I now hope that management and the Board can concentrate on the important task of delivering shareholder value undistracted by litigation or other costly internal ructions. My task is to unite shareholders, management and the Board by providing the leadership clearly expected of me.

The EGM scheduled for the 19th of July in Perth will hopefully be the last where the composition of the board will be finally endorsed by you the shareholders and the last of the conditions of my appointment being voted upon. In anticipation of this meeting I would like to give shareholders the opportunity to hear from me in person as to my strategy going forward, where I am able to directly answer questions and address any concerns you may have. To this

end I will be holding shareholder briefings this week in the following cities and look forward to meeting and discussing the Company's future with you directly.

Sydney – 11am, Thursday 12th July 2012

MPS Investor briefing room
Level 3, 14 Martin Place, Sydney

Melbourne – 11am, Friday 13th July 2012

Patersons Securities Investor briefing room
Level 15, 333 Collins Street, Melbourne

Perth – 11am, Tuesday 17th July 2012

Ground floor presentation room - London House
216 St Georges Terrace, Perth

We face a busy time as we focus the whole effort of the Company on tapping the commercial value of our projects. All shareholders should be assured of my personal commitment to the rapid development of Central Petroleum's assets to generate wealth for all shareholders.

Yours sincerely
Central Petroleum Limited

A handwritten signature in black ink, appearing to read 'R. Cottee', written in a cursive style.

Richard Cottee
Managing Director