

6 November 2012

Central Petroleum and Total announce Strategic Alliance for Exploration in Southern Georgina Basin

Central Petroleum Ltd (ASX:CTP) (**Central** or **Company**) today announce a multi-stage farm-out agreement with French energy company Total for the exploration of approximately 6 million acres. The agreement covers four highly prospective areas in the vicinity of recent discoveries in the Southern Georgina Basin in central Australia, namely, EP(A)132 in the Northern Territory and ATP(A)909, ATP(A)911 and ATP(A)912 in Queensland.

The exploration will start with an investment by the joint venture of US\$60 million for stage one, and, at Total's election, US\$130 million for stages two and three. Should Total continue and fulfil its funding obligations for stages 2 and 3 Total will earn in increments to a total of 68 percent in the permits. Total is required to fund 80 percent of exploration and appraisal costs over four years to which Total has committed the first US\$48 million of expenditure for stage one after which Central will fund the next US\$12 million.

Central will operate the farm-out areas for the first four years and after completion of stage 3 Total will assume operatorship for 90% of the area. Central will retain operatorship of the upstream activities on the remaining 10% of the area.

Central Chairman, Dr Henry Askin said the agreement provided substantial funding for a full exploration programme while retaining for Central the opportunity to develop its capacity as an independent operator.

"This agreement pursues a course that gives priority to the exploration of our extensive acreage by providing for an accelerated exploration program which would not have been otherwise possible", Dr Askin said.

CEO Richard Cottee said that with this agreement Central could achieve long term objectives he had outlined to the market and the access to the capital required for success.

"The agreement brings a balance of benefits to Central and our shareholders. It provides capital for a fully funded exploration programme while also retaining significant interest in the nearly 6 million acres we hold in the Southern Georgina Basin.

"Central Petroleum retains 100% interest in and 100% access to the cash flow from its Surprise discovery. This also gives the company the necessary time to build the human resources and expertise to develop its capacity as an operator.

"The company's focus is clearly on the exploration and development of our assets in the Amadeus and Southern Georgina Basins.



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“This, and the agreement announced last month with Santos, together cover only half of our current exploration territory. If successful, the expertise and funds generated under these agreements will enable Central to become an independent self-funding operator of any future discoveries”, Mr Cottee said.

“Central is locating its head office to Brisbane from where it is better placed to concentrate on the development of its operatorship of the Southern Georgina Basin holding. We expect that the ATP’s will be granted in the New Year allowing us to have a planned build-up of resources”, Mr Cottee said.

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Farmout Areas

