

Central Petroleum Limited (ASX:CTP)

Chairmans Address to Shareholders at 2011 Annual General Meeting

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Perth, Australia (ABN Newswire) - Central Petroleum Limited (ASX:CTP) is pleased to release the following Chairman's address to Shareholders at Annual General Meeting.

I would like to commence this meeting with a brief overview of the activities of your company, following on from my letter to shareholders in the Annual Report for 2011, already published.

Let me start with the latest drilling results from the Surprise-1 drilling, something that I am sure is of more than a little interest to you all.

As of 0600 this morning, the well is at 2672 m RKB and drilling ahead in the Pacoota sandstone. Fair to good oil shows accompanied by background gas up to a 75 unit peak have been reported through the base of the Lower Stairway sandstone indicating approximately 20 m of fair to good oil shows. The top of the Pacoota sandstone was encountered at a measured depth of 2631 m RKB with a gas peak of 30 units at 2649 m, the gas having a similar composition as before. No fluorescence has been reported in the Pacoota. But the possible DHI's have yet to be reached by the drill.

Given the reported properties of the core taken last year and the current well site observations, there is good reason to be cautiously optimistic. But, until the well has been logged and the results evaluated, the outcome must necessarily remain speculative.

These results are preliminary and based on well site observations and thus are subject to review as more data comes to hand.

As you will recall, the incident on the rig that forced suspension of the well occurred early December 2010, almost precisely a year ago. Let me say that Central began the search for a suitable rig from the first quarter 2011 without success. There is demonstrably a rig shortage onshore Australia, which I might say underscores the logic for Central to acquire ownership of a suitably capable and mobile unit.

Weather is always an issue when dependent on unsealed roads. Therefore it is likely that the rig will be stacked if necessary in Alice Springs after completing Surprise-1, until field conditions allow the resumption of operations. There is by agreement an arrangement to stack the rig either in the field or at Alice Springs for up to a little over 6 weeks at no cost to Central.

As previously announced, these operations now commenced with the re-entry of Surprise-1, are envisaged to include the drilling of two additional wells in addition to the acquisition of new seismic coverage over recognized strong exploration leads.

Now, although the re-entry of Surprise-1 and associated preparatory works are the only major field operations this year, much has been achieved in the interpretation and evaluation of previously acquired data, leading to the recognition of major new exploration plays and in particular the Pellinor carbonate leads. This aspect of exploration work goes largely unnoticed by the market, but is absolutely necessary if shareholders funds are to be committed to soundly chosen drilling targets.

One of these plays pertains to unconventional oil and gas exploration where the targets, usually shales, are

hydrocarbon bearing but of too low a permeability (less than 0.1 mD) to flow under conventional production conditions. However these formations constitute source, reservoir and seal in themselves, and may be induced to deliver commercial production by the multistage fracking of long offset lateral wells.

These unconventional drilling and completion procedures have been enormously successful in the US, to the extent that there is now an oversupply of gas in that market and burgeoning oil production. It now seems likely that similar organic rich formations are present in Central's holdings in the Amadeus Basin (the Horn Valley siltstone) and in the Georgina Basin application areas (the Arthur Creek shales). To this end, I remark upon the recent appointments of Trevor Shortt as Exploration Manager and Dalton Hallgren as Chief Operational Officer responsible for drilling activities. Both are highly qualified professionals and very appropriately have extensive direct North American experience in the practical application of these techniques. I consider your company to be very fortunate in securing their services.

On coal, we are planning a program of shallow coal drilling regarding which we are in discussion with a state owned Chinese corporation and separately Allied Resource Partners are finalizing the joint requests for proposals to be sent to many parties interested in the vision of major UCG to GTL programs in the Pedirka Basin.

On permit management, your company recognizes that a timely and thorough evaluation of our substantial acreage holdings will require resources far beyond that which a single company such as Central can expect to access directly. We continue to pursue farmout agreements, but with due caution since we have no wish to repeat some of the past not very satisfactory experiences. We are closely monitoring the terms of recent farmin deals by such majors as Hess, BG and ConocoPhillips amongst others, which seem primarily aimed at unconventional potential. I can advise that there has been interest from North American majors, midcaps and smaller more entrepreneurial companies as well as state owned Chinese companies. Your company does not see merit in concluding a farmout deal simply to announce it, it must also deliver real value to the shareholders. However the terms of the deals recently struck are approaching what we consider acceptable, and we now see a real chance for progress in this area.

It is to be remembered that farmout is a risk management tool, since while it does not dilute the capital structure of the company it definitely dilutes ownership in any discovery made.

Finally, regarding the TSXV listing plans previously announced, we have almost completed a draft prospectus, and have complied with many of the various procedural formalities. Independent reports are being prepared by Ryder Scott, and we have executed a mandate with Cormark and CanaccordGenuity investment banks and stockbrokers to manage the listing process. If the market is sufficiently buoyant we would anticipate being listed by late February 2012.

Ladies and Gentlemen, I believe I have held the floor for enough of your time this morning, and I thank you for your attention.

We will now follow a slightly different format to our previous meetings, and at this point I will adjourn the meeting for John Heugh, our Managing Director, to present to you the a brief review of the progress of the Company and a more detailed update of the material recently shown to various broking houses. We will take a reasonable number of questions from the floor, after which I will recommence the meeting with the formal business of the day.

Dr Henry J Askin , 29 November 2011.

About Central Petroleum Limited:

Central Petroleum (ASX:CTP) is an ASX listed junior exploration and production company operating what is regarded as the biggest package of prospective acreage in Australia.

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