ASX ANNOUNCEMENT RELEASE DATE: 210906

TO: Manager, Company Announcements Australian Stock Exchange Limited

CONTACT: John Heugh +61 8 9474 1444

Central Petroleum Limited and Horwath (NSW) Pty Ltd have executed an agreement whereby Horwath will provide advice and consulting services in relation to Central Petroleum's business initiatives and eligibility for tax concessions arising from the R&D Tax Concession Program as administered by AusIndustry and the ATO.

At present the identified projects of interest are as follows:

- Drilling process developments (air hammer, fluid hammer and extended reach and or horizontal or ultra-short radius horizontal well drilling for example)
- Seismic activity studies, especially sub-salt imaging and DHI analysis;
- Airborne hydrocarbon detection including gas sampling, airborne or satellite remote sensing, aeromagnetic and/or other electromagnetic detection and mapping technologies
- Ground based geochemical and or geobotanical hydrocarbon detecting or mapping
- Synergy between coal-to-liquid (CTL) and gas-to-liquid (GTL) technologies;
- Synergy between Helium extraction and both CTL and GTL
- N^2 gas stripping and synergies with Helium extraction GTL and CTL processing.

Horwath and Central look forward to working together on these exciting proposals.

The R & D proposals outlined are planned to run alongside Central's main thrust towards a 6 well drilling and seismic acquisition programme over the next 2 years targeting potentially recoverable resources of 300 MMbbls oil, 3.4 TCFG and 105 BCF Helium at "high" or P10 estimate level, partially dependent on farmouts and/or additional capital raising.

A $3.5 million budgeted seismic acquisition programme focussed in the Amadeus Basin is planned to commence Q4 2006 and the Blamore#1 Well in the Pedirka Basin is planned to spud within 3 months of approval from the Central Land Council and Traditional Owners of an appropriate access road to the drilling site currently under negotiation.

Sincerely,

Mr John Heugh
Managing Director

Central Petroleum Limited

central PETROLEUM LIMITED
ABN 72 083 254 308
Suite 3, Level 4
Southshore Centre
85 The Esplanade
South Perth
Western Australia
6151
Postal: PO Box 197
South Perth
Western Australia
6951
Phone:
+61 8 9474 1444
Fax:
+61 8 9474 1555
info@centralpetroleum.com.au
www.centralpetroleum.com.au

Wholly owned subsidiaries:
merlin ENERGY PTY LTD ABN 95 081 592 734
ordiv PETROLEUM PTY LTD ABN 29 111 102 687
frontier OIL & GAS PTY LTD ABN 91 103 194 136
helium AUSTRALIA PTY LTD ABN 11 078 104 006
merlin WEST PTY LTD ABN 59 114 346 908