CENTRAL PETROLEUM LIMITED

ACN 083 254 308

NOTICE OF GENERAL MEETING

TIME: 2.00pm (WST)

DATE: 22 June 2012

PLACE: Duxton Hotel Perth
No. 1 St George's Terrace
Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9474 1444.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The general meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.00pm (WST) on 22 June 2012 at:

Duxton Hotel Perth
No. 1 St George's Terrace
Perth, Western Australia

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding the outcome may well have a high impact on the future of your Company and we encourage you to read this document carefully and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

Voting by proxy can be completed in one of the following ways:

(a) Online: at www.investorvote.com.au

(b) By mail: complete and sign the enclosed Voting Form and return to:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Vic 3001 Australia

(c) By fax: complete and sign the enclosed Voting Form and fax to:

Inside Australia: 1800 783 447

Outside Australia: +61 3 9473 2555

(d) Custodian voting – for Intermediary Online subscribers only (custodians) visit www.intermediaryonline.com to submit your voting intentions.

Votes must be received not later than 2.00pm (WST) on 20 June 2012.

Voting Forms received later than this time will be invalid.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
    - the proxy is not recorded as attending the meeting;
    - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF GENERAL MEETING

Notice is given that the general meeting of Shareholders will be held at 2.00pm (WST) on 22 June 2012 at Duxton Hotel Perth, No. 1 St George's Terrace, Perth, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Voting Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 7.00pm (Sydney time) on 20 June 2012.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES – FEBRUARY PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 50,000,000 Shares on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Voting Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Voting Form to vote as the proxy decides.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES – APRIL PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 130,000,000 Shares on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Voting Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Voting Form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL FOR PLACEMENT OF OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue and allot 65,000,000 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Voting Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Voting Form to vote as the proxy decides.

4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR ANDREW PHILIP WHITTLE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.4 of the Constitution and for all other purposes, Andrew Philip Whittle, a Director who was appointed on 25 April 2012, retires, and being eligible, is re-elected as a Director."

5. RESOLUTION 5 – RE-ELECTION OF DIRECTOR – MR BRUCE WILLIAM ELSHOLZ

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.4 of the Constitution and for all other purposes, Bruce William Elsholz, a Director who was appointed on 25 April 2012, retires, and being eligible, is re-elected as a Director."

6. RESOLUTION 6 – REMOVAL OF DIRECTOR – MR JOHN PHILLIP HEUGH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with Section 203D of the Corporations Act, John Phillip Heugh be removed as a director of the Company with immediate effect."

7. RESOLUTION 7– APPOINTMENT OF DIRECTOR – MR SIMON PHILIS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Simon Philis be appointed as a Director of the Company with immediate effect."

8. RESOLUTION 8 – APPOINTMENT OF DIRECTOR – MR COLIN ROBERT GOODALL

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Colin Robert Goodall be appointed as a Director of the Company with immediate effect."

9. RESOLUTION 9 – APPOINTMENT OF DIRECTOR – MR PETER COCKCROFT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Peter Cockcroft be appointed as a Director of the Company with immediate effect."

10. RESOLUTION 10 – REMOVAL OF DIRECTOR – MR WILLIAM JOHN DUNMORE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That William John Dunmore be removed as a director of the Company with immediate effect."

11. RESOLUTION 11 – REMOVAL OF DIRECTOR – MR RICHARD WADDY FAULL

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Richard Waddy Faull be removed as a director of the Company with immediate effect."

12. RESOLUTION 12 – REMOVAL OF DIRECTOR – DR HENRY JAN ASKIN

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Henry Jan Askin be removed as a director of the Company with immediate effect."

DATED: 6 MAY 2012

BY ORDER OF THE BOARD

DANIEL WHITE
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 2.00pm (WST) on 22 June 2012 at the Duxton Hotel Perth, No. 1 St George's Terrace, Perth. Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

Resolutions 6 to 12

Any statements contained in this Explanatory Statement relating to Resolutions 6 to 12, or any Schedule thereto, have been prepared by their indicated authors, and not by the Company.

A purpose of those statements is to provide shareholders with information that certain Directors of the Company believe to be material to Shareholders in deciding whether to vote for or against Resolutions 6 to 12. The Company makes no comment on any of those statements relating to Resolutions 6 to 12 and whether or not they individually or collectively give all the information necessary to enable Shareholders to determine how to vote on all or any of those Resolutions.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES – FEBRUARY PLACEMENT

1.1 General

On 6 February 2012, the Company announced to ASX that it had completed a placement of 50,000,000 Shares at $0.055 per Share to raise approximately $2,750,000 (before costs of the issue) (**February Placement**).

Subsequently, on 10 February 2012, the Company issued the 50,000,000 Shares to the professional and sophisticated investors that had subscribed for the Shares under the February Placement.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than the amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1. The Company confirms that the issue of Shares under the February Placement the subject of Resolution 1 did not breach Listing Rule 7.1.

The purpose of Resolution 1 therefore is to ratify the issue of the 50,000,000 Shares under the February Placement pursuant to Listing Rule 7.4.

1.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 1:

(a) 50,000,000 Shares were allotted;

(b) the issue price was $0.055 per Share;

(c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(d) the Shares were issued and allotted to clients of Patersons Securities Limited. None of these subscribers were related parties of the Company; and

(e) as announced to ASX on 6 February 2012, the funds raised (after meeting the expenses of the issue) were to be used to provide the Company with additional working capital for further appraisal of the Surprise prospect oil discovery in the Amadeus Basin.

1.3 Directors' recommendation

ALL Directors recommend that Shareholders **VOTE IN FAVOUR** of Resolution 1.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES – APRIL PLACEMENT

2.1 General

On 4 April 2012, the Company announced to ASX that it had completed an institutional placement of 130,000,000 Shares at $0.085 per Share to raise approximately $11,000,000 (before costs of the issue) (**April Placement**).

Subsequently, on 12 April 2012, the Company issued the 130,000,000 Shares to the professional and sophisticated investors that had subscribed for the Shares under the April Placement.

A summary of the requirements of Listing Rule 7.1 is outlined in Section 1.1 above.

The Company confirms that the issue of Shares under the April Placement the subject of Resolution 2 did not result in the Company breaching Listing Rule 7.1.

The purpose of Resolution 2 therefore is to ratify the issue of the 130,000,000 Shares under the April Placement pursuant to Listing Rule 7.4.

2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 2:

(a) 130,000,000 Shares were allotted;

(b) the issue price was $0.085 per Share;

(c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(d) the Shares were issued and allotted to clients of Patersons Securities Limited. None of these subscribers were related parties of the Company; and

(e) as announced to ASX on 4 April 2012, the funds raised (after meeting the expenses of the issue) are to be used to provide the Company with additional working capital for further appraisal and/or drilling work on the Surprise prospect discovery in the Amadeus Basin and to augment working capital which will ensure the Company has the flexibility to pursue a number of farm-outs which are in the best interest of Shareholders whilst also maximising the Company's acreage valuations.

2.3 Directors' recommendation

ALL Directors (excluding Mr John Heugh) recommend that Shareholders **VOTE IN FAVOUR** of Resolution 2.

Mr John Heugh abstains from providing a recommendation in respect to Resolution 2.

3. RESOLUTION 3 – PLACEMENT OF OPTIONS

3.1 General

As set out in the announcement on 4 April 2012, pursuant to the terms of the April Placement, the Company agreed, subject to receipt of Shareholder approval, to issue each of the subscribers under the April Placement with one (1) new Option for every two (2) Shares received (**Placement Options**). Pursuant to the terms of the placement agreement between the Company and Patersons Securities Limited, where Shareholders do not approve the issue of the Placement Options, the Company is required to pay a fee to each of the subscribers of the April Placement of 1 cent per Placement Option that the subscriber would have otherwise received. This will result in a maximum fee payable of $650,000 should this Resolution 3 not be passed.

The purpose of Resolution 3 is to seek the approval of Shareholders to the issue of those Placement Options.

A summary of the requirements of Listing Rule 7.1 is outlined in Section 1.1 above.

The effect of Resolution 3 will be to allow the Directors to issue the Placement Options pursuant to the April Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.2 Technical information required By ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

(a) the maximum number of Placement Options to be issued and allotted is 65,000,000;

(b) the Placement Options will be issued and allotted no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;

(c) the Placement Options will be issued for nil consideration as they are being issued to the subscribers under the April Placement on the basis of one (1) Placement Option for every two (2) Shares subscribed for in the April Placement;

(d) the Placement Options will be issued and allotted to the subscribers under the April Placement, all of which were clients of Patersons Securities Limited who were classified as 'professional' or 'sophisticated' investors for the purposes of Section 708 of the Corporations Act. None of these subscribers will be related parties of the Company;

(e) the Placement Options will be issued on the terms and conditions set out in Schedule 1; and

(f) no funds will be raised from the Placement Options as they are being issued for the purpose set out in paragraph (c) above.

3.3 Directors' recommendation

ALL of the Directors (excluding Mr John Heugh) recommend that Shareholders **VOTE IN FAVOUR** of Resolution 3.

Mr John Heugh abstains from providing a recommendation in respect to Resolution 3.

4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – MR ANDREW PHILIP WHITTLE

4.1 General

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election.

Mr Whittle was appointed a Director by the Board on 25 April 2012.

Mr Whittle will retire in accordance with clause 13.4 of the Constitution and being eligible seeks re-election.

4.2 Background on Andrew Philip (Andy) Whittle

Andrew Philip (Andy) Whittle holds a Bachelor of Science degree with First Class Honours in Geology from the University of Adelaide.

Andy has over 42 years of technical and managerial experience in the petroleum exploration and production industry and is deemed an expert in the Otway Basin that was the subject of his Thesis and in other worldwide exploration with a focus on South East Asia/Australia. His experience includes over 21 years with several affiliates of Exxon Corporation in Australia, Singapore, Malaysia, Canada and the US, finally in the position of Geological Manager of Esso Australia. Thereafter, he was Exploration Manager for five years with GFE Resources Ltd, Australia. He has over 15 years experience through PetroVal Australasia Pty Ltd, of which he is a founding Director, and his private consulting company Sheristowe Pty Ltd, in preparing independent technical reports and in evaluating exploration and production assets and providing valuations, and expert opinions for a range of clients. He was closely involved in the exploration that led to the identification and discovery of the Thylacine gas field in the Otway Basin and in promoting Pexco into Indonesian deepwater exploration. He is also a member of the American Association of Petroleum Geologists, the Society of Professional Well Log Analysts and the Petroleum Exploration Society of Australia.

He was appointed a Director of ASX listed Bass Strait Oil Ltd in 2011 and a Director of Bumi Armada Sdn Bhd, a major offshore service company which listed in Malaysia in mid 2011.

4.3 Statement from the Board (excluding Mr John Heugh)

Mr Whittle brings a wealth of technical experience spanning over 40 years to the Company's board. He has been directly responsible for the selection and implementation of exploration strategies leading to the discovery of a number of oil and gas fields, including the giant Thylacine gas field in the Otway Basin. Mr Whittle is also experienced in asset valuations and in negotiating with host governments for permit awards.

4.4 Directors' recommendations

(a) Dr Henry Askin recommends that Shareholders **VOTE IN FAVOUR** of Resolution 4 for the reasons set out in sections 4.1 and 4.3 of this Explanatory Statement;

(b) Mr William Dunmore recommends that Shareholders **VOTE IN FAVOUR** of Resolution 4 for the reasons set out in sections 4.1 and 4.3 of this Explanatory Statement;

(c) Mr Richard Faull recommends that Shareholders **VOTE IN FAVOUR** of Resolution 4 for the reasons set out in sections 4.1 and 4.3 of this Explanatory Statement;

(d) Mr Andrew Whittle recommends that Shareholders **VOTE IN FAVOUR** of Resolution 4 for the reasons set out in sections 4.1 and 4.3 of this Explanatory Statement;

(e) Mr Bruce Elsholz recommends that Shareholders **VOTE IN FAVOUR** of Resolution 4 for the reasons set out in sections 4.1 and 4.3 of this Explanatory Statement; and

(f) Mr John Heugh recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 4.

5. RESOLUTION 5 – RE-ELECTION OF DIRECTOR – MR BRUCE WILLIAM ELSHOLZ

5.1 General

As referred to in Section 4.1 above, Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election.

Mr Elsholz was appointed a Director by the Board on 25 April 2012.

Mr Elsholz will retire in accordance with clause 13.4 of the Constitution and being eligible seeks re-election.

5.2 Background on Mr Bruce William Elsholz

Mr Elsholz is a Chartered Accountant and has been the Company's Chief Financial Officer and a Company Secretary since August 2009.

Mr Elsholz has around 35 years experience in the upstream oil and gas sector. He has held senior financial and commercial roles with a number of exploration and production companies in Australia and Canada. These include Hudsons Bay Oil and Gas Company, Hartogen Energy Limited, Command Petroleum Limited, Coplex Resources NL and Otto Energy Limited. He also has more than ten years experience as Company Secretary with a number of ASX listed entities.

5.3 Statement from the Board (excluding Mr John Heugh)

Mr Elsholz, as the Company's Chief Financial Officer, has been closely involved with the financial management of the Company's assets for almost three years. Prior to joining the Company, he has worked for a number of junior listed explorers and his experience includes stock exchange listings, IPO's and other equity raisings in Australia, Canada and the Philippines. Mr Elsholz is also experienced in joint venture matters and shares the corporate governance and company secretarial functions at the Company with the Group General Counsel.

5.4 Directors' recommendations

(a) Dr Henry Askin recommends that Shareholders **VOTE IN FAVOUR** of Resolution 5 for the reasons set out in sections 5.1 and 5.3 of this Explanatory Statement;

(b) Mr William Dunmore recommends that Shareholders **VOTE IN FAVOUR** of Resolution 5 for the reasons set out in sections 5.1 and 5.3 of this Explanatory Statement;

(c) Mr Richard Faull recommends that Shareholders **VOTE IN FAVOUR** of Resolution 5 for the reasons set out in sections 5.1 and 5.3 of this Explanatory Statement;

(d) Mr Andrew Whittle recommends that Shareholders **VOTE IN FAVOUR** of Resolution 5 for the reasons set out in sections 5.1 and 5.3 of this Explanatory Statement;

(e) Mr Bruce Elsholz recommends that Shareholders **VOTE IN FAVOUR** of Resolution 5 for the reasons set out in sections 5.1 and 5.3 of this Explanatory Statement;

(f) Mr John Heugh recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 5.

6. RESOLUTION 6 – REMOVAL OF DIRECTOR – MR JOHN PHILLIP HEUGH

6.1 General

On 11 April 2012, the Company announced to ASX that the Directors intended to move a resolution at a general meeting of Shareholders to remove John Phillip Heugh as a Director of the Company.

Resolution 6 therefore is put to Shareholders to consider the removal of John Phillip Heugh as a Director of the Company.

Pursuant to Section 203D of the Corporations Act, a public company may by resolution remove a director from office regardless of any provision in that company's constitution or any agreement between the director and the company.

6.2 Statement from Dr Henry Askin, Mr Richard Faull and Mr William Dunmore

A statement from Dr Henry Askin, Mr Richard Faull and Mr William Dunmore relating to Resolution 6 and the reasons to vote **FOR** the resolution for the removal of Mr Heugh as a Director is contained in Schedule 2.

6.3 Directors' recommendations

(a) Dr Henry Askin recommends that Shareholders **VOTE IN FAVOUR** of Resolution 6 for the reasons set out in Schedule 2;

(b) Mr William Dunmore recommends that Shareholders **VOTE IN FAVOUR** of Resolution 6 for the reasons set out in Schedule 2;

(c) Mr Richard Faull recommends that Shareholders **VOTE IN FAVOUR** of Resolution 6 for the reasons set out in Schedule 2;

(d) Mr Andrew Whittle recommends that Shareholders **VOTE IN FAVOUR** of Resolution 6 for the reasons set out in Schedule 2;

(e) Mr Bruce Elsholz recommends that Shareholders **VOTE IN FAVOUR** of Resolution 6 for the reasons set out in Schedule 2.

(f) Mr John Heugh recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 6.

As at the date of this Notice of Meeting, Mr Heugh has elected not to make any statement in relation to this Resolution 6.

7. RESOLUTION 7 – ELECTION OF DIRECTOR – MR SIMON PHILIS

7.1 General

Resolution 7, together with Resolutions 8 to 12, are put to Shareholders following the receipt of a requisition from Shareholders holding greater than 5% (i.e. 6.38%) of the votes that may be cast at the General Meeting, pursuant to Section 249D of the Corporations Act (**Requisition**).

Resolution 7 is a resolution, proposed in the Requisition, seeking the approval for the appointment of Simon Philis as a Director of the Company.

7.2 Statement from the Directors (excluding Mr John Heugh)

A statement from the Directors (excluding Mr John Heugh) relating to Resolution 7 and the reasons to vote **AGAINST** the appointment of Mr Philis as a Director is contained in Schedule 3.

7.3 Directors' recommendations

(a) Dr Henry Askin recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 7 for the reasons set out in section 7.2 of this Explanatory Statement;

(b) Mr William Dunmore recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 7 for the reasons set out in section 7.2 of this Explanatory Statement;

(c) Mr Richard Faull recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 7 for the reasons set out in section 7.2 of this Explanatory Statement;

(d) Mr Andrew Whittle recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 7 for the reasons set out in section 7.2 of this Explanatory Statement;

(e) Mr Bruce Elsholz recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 7 for the reasons set out in section 7.2 of this Explanatory Statement; and

(f) Mr John Heugh recommends that Shareholders **VOTE IN FAVOUR** of Resolution 7.

8. RESOLUTION 8 – ELECTION OF DIRECTOR – MR COLIN ROBERT GOODALL

8.1 General

Resolution 8 is a resolution, proposed in the Requisition, seeking the approval for the appointment of Colin Robert Goodall as a Director of the Company.

8.2 Statement from the Directors (excluding Mr John Heugh)

A statement from the Directors (excluding Mr John Heugh) relating to Resolution 8 and the reasons to vote **AGAINST** the appointment of Mr Goodall as a Director is contained in Schedule 3.

8.3 Directors' recommendations

(a) Dr Henry Askin recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 8 for the reasons set out in section 8.2 of this Explanatory Statement;

(b) Mr William Dunmore recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 8 for the reasons set out in section 8.2 of this Explanatory Statement;

(c) Mr Richard Faull recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 8 for the reasons set out in section 8.2 of this Explanatory Statement;

(d) Mr Andrew Whittle recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 8 for the reasons set out in section 8.2 of this Explanatory Statement;

(e) Mr Bruce Elsholz recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 8 for the reasons set out in section 8.2 of this Explanatory Statement; and

(f) Mr John Heugh recommends that Shareholders **VOTE IN FAVOUR** of Resolution 8.

9. RESOLUTION 9 – ELECTION OF DIRECTOR – MR PETER COCKCROFT

9.1 General

Resolution 9 is a resolution, proposed in the Requisition, seeking the approval for the appointment of Peter Cockcroft as a Director of the Company.

9.2 Statement from the Directors (excluding Mr John Heugh)

A statement from Dr Henry Askin, Mr Richard Faull and Mr William Dunmore relating to Resolution 9 and the reasons to vote **AGAINST** the appointment of Mr Cockcroft as a Director is contained in Schedule 3.

9.3 Directors' recommendations

(a) Dr Henry Askin recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 9 for the reasons set out in section 9.2 of this Explanatory Statement;

(b) Mr William Dunmore recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 9 for the reasons set out in section 9.2 of this Explanatory Statement;

(c) Mr Richard Faull recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 9 for the reasons set out in section 9.2 of this Explanatory Statement;

(d) Mr Andrew Whittle recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 9 for the reasons set out in section 9.2 of this Explanatory Statement;

(e) Mr Bruce Elsholz recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 9 for the reasons set out in section 9.2 of this Explanatory Statement; and

(f) Mr John Heugh recommends that Shareholders **VOTE IN FAVOUR** of Resolution 9.

10. RESOLUTION 10 – REMOVAL OF DIRECTOR – MR WILLIAM JOHN DUNMORE

10.1 General

Resolution 10 is a resolution, proposed in the Requisition, seeking the approval for the removal of William John Dunmore as a Director of the Company.

10.2 Background on William John Dunmore

Mr Dunmore is an experienced reservoir and production engineer with significant transaction, analysis and financial modelling knowledge from consulting and employment with a number of petroleum companies and financial institutions including British Gas, BHP Petroleum, Schlumberger, Hardman, Mobil, Petrobras, Total, Nippon Oil, Powergen, Barclays Bank, Unicredit, HVB, HBOS/BankWest and SMBC.

Mr Dunmore has over 35 years of direct relevant experience in Australia, Europe and elsewhere. He actively consults to a number of clients. Recent and current projects have included several very large gas and LNG developments in Asia and Australia as well as oil and gas projects located around the world. He has also advised on asset finance such as drilling rig conversions and FPSO new build and construction. He is a member of the Society of Petroleum Engineers.

10.3 Joint letter from Dr Henry Askin, Mr Richard Faull and Mr William Dunmore

A joint letter from Dr Henry Askin, Mr Richard Faull and Mr William Dunmore relating to Resolution 10 and the reasons to vote **AGAINST** their removal as Directors is contained in Schedule 4.

10.4 Directors' recommendations

(a) Dr Henry Askin recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 10 for the reasons set out in section 10.3 of this Explanatory Statement;

(b) Mr William Dunmore recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 10 for the reasons set out in section 10.3 of this Explanatory Statement;

(c) Mr Richard Faull recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 10 for the reasons set out in section 10.3 of this Explanatory Statement;

(d) Mr Andrew Whittle recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 10 for the reasons set out in section 10.3 of this Explanatory Statement;

(e) Mr Bruce Elsholz recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 10 for the reasons set out in section 10.3 of this Explanatory Statement; and

(f) Mr John Heugh recommends that Shareholders **VOTE IN FAVOUR** of Resolution 10.

11. RESOLUTION 11 – REMOVAL OF DIRECTOR – MR RICHARD WADDY FAULL

11.1 General

Resolution 11 is a resolution, proposed in the Requisition, seeking the approval for the removal of Richard Waddy Faull as a Director of the Company.

11.2 Background on Richard Waddy Faull

Mr Faull has had over 30 years experience as a director, executive and company secretary in mineral and petroleum exploration companies. He is currently a director and company secretary of Barranco Resources NL.

Mr Faull has a degree in Commerce from the University of Western Australia and is a member of CPA Australia.

11.3 Joint letter from Dr Henry Askin, Mr Richard Faull and Mr William Dunmore

A joint letter from Dr Henry Askin, Mr Richard Faull and Mr William Dunmore relating to Resolution 11 and the reasons to vote **AGAINST** their removal as Directors is contained in Schedule 4.

11.4 Directors' recommendations

(a) Dr Henry Askin recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 11 for the reasons set out in section 11.3 of this Explanatory Statement;

(b) Mr William Dunmore recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 11 for the reasons set out in section 11.3 of this Explanatory Statement;

(c) Mr Richard Faull recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 11 for the reasons set out in section 11.3 of this Explanatory Statement;

(d) Mr Andrew Whittle recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 11 for the reasons set out in section 11.3 of this Explanatory Statement;

(e) Mr Bruce Elsholz recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 11 for the reasons set out in section 11.3 of this Explanatory Statement.

(f) Mr John Heugh recommends that Shareholders **VOTE IN FAVOUR** of Resolution 11.

12. RESOLUTION 12 – REMOVAL OF DIRECTOR – DR HENRY JAN ASKIN

12.1 General

Resolution 12 is a resolution, proposed in the Requisition, seeking the approval for the removal of Henry Jan Askin as a Director of the Company.

12.2 Background on Henry Jan Askin

Dr Askin has over 40 years of experience in the oil exploration industry, of which some 25 years were with the Shell Group of Companies, most recently as a consultant.

From 1990 until his retirement in December 1997, he was exploration manager with Shell Development (Australia) Pty Ltd in Melbourne. Throughout this period he was Shell's representative on the APPEA Exploration Committee, and was a Director of the various Shell companies established pursuant to operations in the Indonesia-Australia Zone of Cooperation.

Dr Askin's previous appointments with the Shell Group were in Australia, Oman, Norway, The Netherlands and India. During this time he held various positions including seismic interpreter, chief geophysicist, seismic processing manager, deputy head of new exploration ventures and, immediately prior to returning to Australia, general manager of Shell India.

While his career has ranged from seismic interpretation and prospect generation to senior management, Dr Askin has contributed to the practice of geophysics in the wider sense, most notably in the co-authorship of a paper read at the EAEG meeting in Belgrade (1987) which received the inaugural best paper award. He is a life member of the Society of Exploration Geophysicists, an active member of the European Association of Geoscientists and Engineers, and a member of the Petroleum Exploration Society of Australia.

12.3 Joint letter from Dr Henry Askin, Mr Richard Faull and Mr William Dunmore

A joint letter from Dr Henry Askin, Mr Richard Faull and Mr William Dunmore relating to Resolution 12 and the reasons to vote **AGAINST** their removal as Directors is contained in Schedule 4.

12.4 Directors' recommendations

(a) Dr Henry Askin recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 12 for the reasons set out in section 12.3 of this Explanatory Statement;

(b) Mr William Dunmore recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 12 for the reasons set out in section 12.3 of this Explanatory Statement;

(c) Mr Richard Faull recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 12 for the reasons set out in section 12.3 of this Explanatory Statement;

(d) Mr Andrew Whittle recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 12 for the reasons set out in section 12.3 of this Explanatory Statement;

(e) Mr Bruce Elsholz recommends that Shareholders **DO NOT VOTE IN FAVOUR** of Resolution 12 for the reasons set out in section 12.3 of this Explanatory Statement.

(f) Mr John Heugh recommends that Shareholders **VOTE IN FAVOUR** of Resolution 12.

13. ENQUIRIES

Shareholders are requested to contact the Company Secretary on (+ 61 8) 9474 1444 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rule** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means Central Petroleum Limited (ACN 083 254 308).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Voting Form.

Placement Option means an option to acquire a Share to be issued under Resolution 2.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Voting Form means the voting and proxy form accompanying the Notice.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

(a) Each Option gives the Optionholder the right to subscribe for one Share.

(b) Each Option will expire at 5.00pm (WST) on 31 March 2015 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) Subject to paragraph (i), the amount payable upon exercise of each Option will be $0.125 (**Exercise Price**).

(d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.

(e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:

(f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(i) a written notice of exercise of Options specifying the number of Options being exercised; and

(ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(**Exercise Notice**).

(g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

(h) The Options are not transferable except with the prior written consent of the board of directors of the Company.

(i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.

(j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.

(k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

SCHEDULE 2 – REASONS FOR VOTING FOR RESOLUTION 6-REMOVAL OF JOHN HEUGH AS A DIRECTOR

Dr Henry Askin, Mr. Richard Faull and Mr. William Dunmore provide the following statement in respect to the removal of John Phillip Heugh as a Director of the Company:

Relevant events

On 1 February 2012 (the day before a scheduled Board Meeting), technical discussions were held in the Company's office in Perth. During that meeting, the Board noted that:

- the Company was significantly underfunded in relation to required exploration expenditure for the remainder of 2012;
- the Company was not in a position to fund an immediate second well on the Surprise discovery without placing unacceptable constraints on the working capital of the Company regardless of the relevant technical merits or otherwise of doing so;
- there had been a disappointing level of participation in the Share Purchase Plan which finally closed on 25 January 2012 after the successful flow testing of the Surprise discovery well (only 9% of shareholders responded, raising approximately $7.15 million, or 6%, of the possible total value of the offer); and
- by reason of these matters, urgent action was needed.

At the Board Meeting on 2 February 2012, it was proposed that:

- the Company needed to focus heavily on farmouts, that a fresh approach was essential and all areas should be considered, including the recent discovery area;
- A new industry standard Confidentiality Agreement should be adopted, since standstill provisions in the existing document, although previously supported, were generally unacceptable to the industry and since very few had signed provided no real protection against hostile acquisition;
- although we had previously wished to retain operatorship if at all possible, this could no longer be considered a priority; and
- the "fresh approach" should be the full responsibility of the Exploration Manager, Trevor Shortt, in consultation with a Farmout Committee consisting of two non-executive directors, William Dunmore and myself, which arrangement would also facilitate re-engagement with other companies who had previously declined.

Mr. Shortt holds a Master of Science Degree with a major in Geophysics from the University of Western Ontario and a Bachelor of Science Degree in Geology and Physics from the University of Toronto. He has over twenty years of petroleum exploration experience with a focus on unconventional resources and extensive experience in geology and geophysics.

In the Chairman's experience in the resources industry, which includes holding the position of Exploration Manager with Shell Australia, it is usual practice for the exploration manager to have authority and responsibility for farmout processes. The Chairman's experience in working with Mr. Shortt at Central Petroleum since 10 August 2011, and taking into account his experience in property and corporate acquisition packages, led the Chairman to form the opinion that Mr. Shortt would be thoroughly competent in performing the duties required of him in the farmout role.

At the board meeting on 2 February 2012, Mr. Heugh opposed the suggestion that Mr. Shortt ought to have full responsibility for farmouts. Mr. Heugh noted that there had been one farmout offer on petroleum, and there had been no other appropriate deals put to the Company apart from coal deals.

The proposals described above were approved in proper resolutions by the Board on a majority vote, with Mr. Heugh voting against. The minutes of this board meeting record that Mr. Heugh stated that despite his opposition he agreed to co-operate with these new arrangements.

On 7 February 2012, the Chairman received an email from Mr. Heugh which was strongly critical of the Board's decision using such words as "*perfidy of the board, unusual and bizarre actions, Trevor will not be able to manage, Trevor needs to consider this very seriously before advising exactly what he wants to do*," and which was copied also to Mr. Shortt. Attached to this was a copy of a letter dated 4 February 2012 from Mr. Heugh to Mr. Shortt purportedly advising him of the Board's decision to assign him the farmout responsibilities. However, rather than supporting the Board's position, this letter was strongly critical of the farmout decision, emphasised the difficulties Mr. Shortt would face in managing these duties, and went so far as to solicit suggestions for alternative action.

On 8 February 2012, the Chairman was copied into an email from Mr. Shortt to the Board of Directors urging that Mr. Heugh be closely involved in all aspects of the farmout process.

On 9 February 2012, in a telephone conversation with Mr. Shortt, the Chairman was advised that this email was an attempt to ease the difficulties he was having with Mr. Heugh. Mr. Shortt said to the Chairman that his working relationship with Mr. Heugh was "untenable" and "beyond words".

On 10 February 2012, the Chairman received an email from Mr. Shortt which stated as follows:

> *Further to our phone conversation yesterday, attached are the three emails that I received from John Heugh on Sat Feb 4th. They were accompanied by a phone call stating that while he had to caution me. He then said that it was part of his plan to show the board that I was too busy to take on farm out roles. He also stated that this caution could be withdrawn after the farm out business was over. These cautions were not discussed with me until the letter showed up.*
>
> *Needless to say, I care deeply about my professional reputation and …*
>
> *At that point, I threatened to resign. John then backed down and said "I will just have to think of something else then." He then said that he was "fighting for his life."*

The three emails mentioned in Mr. Shortt's email were attached, together with a copy of a caution letter dated also 4 February 2012 as an attachment. Set out below is an extract from the text from one of the three emails sent by Mr. Heugh to Mr. Shortt on 4 February 2012:

> *Trevor, I have thought through this and believe that the matters therein should be brought to your attention. However, after we discuss this on my return, I am prepared to expunge this from your records if our discussion concludes that such a caution is not required. This is entirely a legitimate process. I warn you, I can withdraw it and expunge from all files. No other records have been kept apart from a soft copy on my desktop and nothing on the various other server hard drives. No other person has any knowledge of this. This is a discrete matter and not to be confused with any other communication or discussion that may be extant.*

At the time that the Chairman received the email sent to him by Mr. Shortt (and its attachments), Mr. Heugh had never spoken to the Chairman about having any concerns or issues with Mr. Shortt's performance, and in the Chairman's experience in working with Mr. Shortt, the Chairman/the Board has never had any issues with his performance.

The Chairman/the Board did not, and does not, believe that Mr. Shortt's performance in any way warranted the issue of a caution letter.

The Chairman informed Mr. Shortt that he had the full support of the Board (other than Mr. Heugh) in resolving the difficulties he was experiencing in working with Mr. Heugh. Mr. Shortt subsequently accepted the farmout duties. This was confirmed in an email from Mr. Shortt to the Board dated 14 February 2012.

On 17 February 2012, a Board Meeting was held in Perth, during which Mr. Heugh's conduct as described above was discussed. The majority of the board at the meeting considered that this conduct evidenced:

(a) a refusal by Mr. Heugh to comply with a valid direction of the board in relation to the farmout decision; and

(b) an attempt by Mr. Heugh to coerce Mr. Shortt to assist in this refusal.

Mr. Heugh did not attend the meeting. He had requested an adjournment for the stated reason of requiring time to seek legal advice. The Board did not agree to adjourn the meeting. In the event Mr. Heugh did not attend, but was represented by an alternate director appointed by him.

At the board meeting, it was resolved that Mr. Heugh's conduct amounted to a breach of clause 5.1 of Mr. Heugh's employment agreement. That clause provides as follows:

5.1 The Executive will:

(a) assume and exercise the powers and perform the duties from time to time vested in or assigned to him by the Board or its nominee and will comply in all respects with the directions and regulations given or made by the Board, or its nominee;

It was further resolved that the above conduct amounted to a breach of Central Petroleum's Code of Conduct.

The majority of the board also resolved at this meeting that Mr. Heugh, in accordance with the terms of his Employment Agreement, could remedy the breaches of the contract by providing:

(a) a written assurance that he would, in future, comply fully with the requirements of Clause 5.1(a) of his Employment Agreement: and

(b) a unconditional withdrawal of the 4 February 2012 caution letter and a full apology being provided to Mr. Shortt.

The Board decided upon the form of remedy described above after considering the nature of Mr. Heugh's conduct and Mr. Shortt's response to that conduct. Based on the consideration of Mr. Heugh's conduct and discussions with Mr. Shortt, it was considered by the majority of the members of the Board at the meeting that the employment relationship between Mr. Heugh and Mr. Shortt had broken down to such an extent that it could only be repaired by way of a full apology involving an admission of the relevant conduct by Mr. Heugh.

It was therefore resolved at this meeting that a letter be issued to Mr. Heugh in accordance with the relevant clause of his Employment Agreement and the Code of Conduct in the manner described above within 14 days. On 21 February 2012 a letter to this effect was hand delivered to Mr. Heugh. The Letter of Notice gave Mr. Heugh the opportunity to remedy these breaches by providing letters which Mr. Heugh was asked to sign in the form provided and return within 14 days.

On 6 March 2012 a letter in response was received from Tait & Co, Lawyers, on behalf of Mr. Heugh. In responding Mr. Heugh had taken all of the 14 day period specified in his Employment Contract for remedying the breaches.

The Board reviewed and discussed the 6 March 2012 letter internally with Mr. Shortt over the following days. In the 6 March 2012 letter, Mr. Heugh:

(a) specifically denied that he attempted to circumvent the Board's Farmout Decision;

(b) specifically denied that he attempted to enlist the support of Mr. Shortt in not complying with the Board's Farmout Decision; and

(c) amended the wording of the apology so as to avoid admission of the conduct outlined above.

Mr. Shortt sent the Chairman an email on 7 March 2012 in which he expressed to the Chairman his dissatisfaction with the 6 March 2012 letter, and his concern that his working relationship with Mr. Heugh was, and would continue to be, dysfunctional.

After considering Mr. Heugh's response, it was decided that Mr. Heugh had not remedied the breaches referred to above. Consequently, on 18 March 2012, the Directors entitled to vote on the matter passed a circulating resolution regarding the removal of Mr. Heugh as managing director of the Company. Mr. Dunmore, Mr. Faull and the Chairman formed the view that Mr. Heugh and his nominated alternate could not vote on the circulating resolution on the grounds that they had a material personal interest in the subject matter of the resolution.

On 22 March 2012, Mr. Faull and the Chairman met with Mr. Heugh and his legal advisers at the premises of Ashurst Australia in Perth. During this meeting the Chairman informed Mr. Heugh that the board did not consider he had remedied his breaches of his Employment Agreement, and Mr. Heugh was informed that the Board had authorised the Chairman to give him notice of termination of employment. The Chairman then gave Mr. Heugh the opportunity to resign from the Company, and Mr. Heugh then considered that offer with his legal advisers in a separate room. He did not subsequently rejoin the meeting and did not resign.

As Mr. Heugh did not take the opportunity to resign that was afforded him, the Chairman was authorised by the circulating resolution to issue him with notice of termination of employment as managing director. Accordingly on 22 March 2012 a letter was sent to Mr. Heugh notifying him of termination of his employment.

The termination letter, along with a cheque for payment in lieu of notice, was served on Mr. Heugh in accordance with the instructions for notice that Mr. Heugh gave to Central Petroleum on 22 February 2012.

Since the 22 March 2012 meeting, Mr. Heugh has not attended for work at the Company's offices in South Perth and, to the best of the Chairman's knowledge and belief has not performed any duties in the capacity of managing director.

In accordance with the authority granted to the Chairman by the board under the circulating resolution, on 29 March 2012 the Chairman gave Mr. Heugh notice of an intention to move a resolution at a general meeting of Central Petroleum to remove him as a director of Central Petroleum.

On 2 April 2012, the board of directors received a facsimile from a Mr. R. W. E. Dean, purporting to be a requisition pursuant to section 249D of the *Corporations Act 2001 (Cth)* from shareholders claiming to hold 10.14% of Central Petroleum's shares, requesting a general meeting be called to consider the removal of three of the four directors of Central Petroleum, namely Mr. Faull, Mr. Dunmore and the Chairman.

This requisition notice attached a list of the shareholders involved in attempting to requisition the meeting. Mr. Heugh was listed as one of those shareholders.

After issuing an ASX announcement to this effect, the notice was subsequently determined to not comply with the requirements of section 249D of the Act, and as notified to the ASX the board determined that a general meeting was not required to be held.

Consequential conduct

Mr. Heugh had a corporate credit card provided to him by the Company, which is for paying proper costs and expenses incurred in the conduct of his duties with the Company. On 22 March 2012, it came to the Chairman's attention by email from Mr. Faull, who acts as Chairman of the Company's Audit Committee, that debits were made to Mr. Heugh's corporate credit card in favour of ASIS International, which the Board understands is a private detective agency. A CA$10,000 debit was incurred on 21 February 2012, and a further CA$5,000 debit on 12 March 2012.

Subsequently, Mr. Hallgren, Acting Chief Executive Officer told the Chairman that Mr. Heugh had informed him that that the debits were in relation to a private investigation of Mr. Shortt, and possibly also of other employees of the Company.

The engagement of a detective agency to investigate Mr. Shortt (or any other staff member) was not approved by the Board.

As announced on 26 March 2012, Mr. Heugh has commenced an action in the Supreme Court of Western Australia against the Company disputing the Company's termination of his employment, however Mr. Heugh continues act as a director of the Company.

As announced on 13 April 2012, Mr. Heugh lodged an application in the Supreme Court of Western Australia, to restrain the Company from:

(a) taking any steps to call a general meeting of members of the Company to consider a resolution that Mr. Heugh be removed as a Director; or

(b) further or alternatively from moving such resolution at any general meeting.

Following consideration of the application, the Supreme Court of Western Australia dismissed the application.

Furthermore, in a separate instance, immediately prior to a Board meeting on 1 April 2012 and recorded in the minutes thereof, by a circular resolution all directors including Mr. Heugh approved a capital placement of 130 million shares at an issue price of 8.5 cents by way of a mandate with Patersons Securities, together with attaching options approved at the Board meeting itself.

Subsequently, on 11 April 2012 Petroleum Nominees Pty Ltd, a company declaring Mr. Clive Palmer to be a director, being a company that had engaged in prior discussions with the Company regarding a farmin Joint Venture and a placement of capital, lodged an application in the Supreme Court of Queensland for an injunction to block the settlement of the placement agreed with institutional investors and declared in an ASX announcement. An affidavit was signed by Mr. Heugh in Brisbane and voluntarily provided to Petroleum Nominees Pty Ltd providing evidence to support the injunction application. The application was not successful.

Opinions

By reference to the matters described above, we Henry Askin, Richard Faull and William Dunmore, have formed the following opinions:

1. Mr. Heugh, in breach of clause 5.1 of his Employment Agreement, did not comply with the Board's direction that Mr Shortt ought to have full responsibility for the farmout duties;

2. Mr Heugh attempted, contrary to a direction of the board, to persuade Mr. Shortt not to accept full responsibility for the farmout duties;

3. Mr Heugh improperly persuaded Mr Shortt to inform the board that Mr Heugh ought to be closely involved in all aspects of the farmout process; and

4. Mr. Heugh commissioned a detective agency to investigate Mr. Shortt and possibly other staff and used company resources to pay for those investigations.

Mr. Heugh's conduct (as described above) has led us to lose trust and confidence in him both as an employee and as a director of the Company. The working relationship between the Chairman and other board members on the one hand and Mr. Heugh on the other has broken down to such an extent that it would be untenable and, in the opinion of the majority of the Board, not in the best interests of the Company to continue working together.

By reason of the events and opinions described above, we Henry Askin, Richard Faull and William Dunmore recommend that the shareholders **VOTE FOR** resolution 6.

SCHEDULE 3 –REASONS FOR VOTING AGAINST RESOLUTIONS 7, 8 AND 9 - THE APPOINTMENT OF MR. PETER COCKCROFT, MR. COLIN ROBERT GOODALL AND MR. SIMON PHILIS AS DIRECTORS

A majority of the Board of your Company, comprising Dr. Askin, Mr. Faull, Mr. Dunmore, Mr. Elsholz and Mr. Whittle, have provided the following statement to recommend that shareholders **VOTE AGAINST** Resolutions 7, 8 and 9.

This is for the following reasons:

The stability of the Board and the support of shareholders are crucial at this time in order to ensure that the Company's decisions continue to positively influence the current momentum and add further to shareholder value creation.

Aside from the operational disruption and significant management distraction that a major change to the Board of Directors may have on the current seismic and extended production test operations, farmout discussions and the long-term strategy for Central; we do not believe that it is in the best interests of shareholders to appoint these nominees to the Board.

We make decisions for the best interests of the majority of our shareholders; and we have in place a long-term strategy and the right people to achieve this outcome.

Now is not the time for change; now is the time for Central to progress our strategy. We have every intention to continue our focus on commercialising the oil discovery at the Surprise well in the Amadeus Basin and as recently announced, we will continue to look at all sensible options to monetise and add value to our coal and other assets. We are ready to proceed with the acquisition of seismic and the EPT in the near-term.

The Board majority knows very little of the three persons nominated to be elected as directors in the Requisition of General Meeting – Colin Robert Goodall, Peter Cockroft and Simon Philis – and their intentions for your Company.

From what the Board majority has observed to date, Mr. Goodall, Mr. Cockroft and Mr. Philis have not (together or individually) outlined any direction or medium-term plan for your Company beyond the General Meeting where they seek to become directors, let alone a long-term strategy for the Company.

We understand based on publicly available information that two of the three nominated persons (Mr. Philis and Mr. Goodall) do not have experience as a director of an ASX-listed company nor in the Australian oil and gas industry.

Your Chairman, Dr. Askin, was contacted by Mr. Goodall and informed that Mr. Philis, if elected, would stand down in favour of another party. This is of concern to the Board majority.

The nominated persons have not previously contacted the Central Petroleum board regarding their proposed directorships. It is known that Mr. Philis is a Director and Company Secretary of WESI Corp Pty Ltd ("WESI Corp"); an organisation of which little information is available. WESI Corp holds Exploration Licence applications 29419, 29151, 29429, 29155, 29422, 29073, 29075, 29423, 29422 and 29075 in the Northern Territory which neighbours Central's coal Exploration Licences 27103, 27105, 27108, 27110 and 28096 in the Northern Territory. WESI Corp also holds other Exploration Licence applications in close proximity.

SCHEDULE 4- REASONS FOR VOTING AGAINST RESOLUTIONS 10, 11 AND 12 -JOINT LETTER FROM DR HENRY ASKIN, MR RICHARD FAULL AND MR WILLIAM DUNMORE

4 May 2012

Dear Shareholder,

We are seeking your support.

A group of shareholders holding 6.38% of the issued capital of Central Petroleum Limited have requested a General Meeting to replace us, three out of four elected directors, with three persons of their choice. We observe that the three proposed candidates have not given any indications as to their plans and objectives for the Company should they be elected.

It has been suggested to us that the first purpose of the proposed replacement Board is to re-appoint Mr John Heugh as Managing Director, which in our unanimous opinion would put the Company back into non-delivery mode.

It was the persistent failure to achieve a credible and sustainable exploration programme that prompted us to establish a Farmout Committee to manage the negotiation and recommendation of farmout opportunities to the Board. Since the creation of the Committee three months ago, more than fifteen confidentiality agreements have been concluded with capable industry entities. Data assessments are in progress as a result and negotiations are taking place. From the unprecedented level of interest shown, it is expected that farmout agreements will be concluded in the near future, which will allow a greatly expanded exploration programme with shared risk and a very considerable cost saving for the Company. We are aware that shareholders are impatient for results, and the essential first steps have now been taken.

Momentum is now building, and we believe that stability and measured but orderly renewal of the Board is an essential ingredient in maintaining this progress.

We have participated in the detail of the Company's work since before listing on the ASX, are collectively fully informed as to the nature of the exploration plays and are technically competent to evaluate the merits of the exploration areas held. Hence, we are in a better position than others would be to expedite the progress through the farmouts and the establishment of new joint ventures without the hindrance of being profoundly unfamiliar with the region and its specific challenges.

During our time in office, we have had to steer a prudent course between costly field exploration in difficult and remote areas and expenditure of shareholders' funds while being capital constrained and under resourced throughout. In doing so we have not turned away from making difficult but necessary decisions in the interests of all. As you are all aware, these efforts have now been rewarded with the discovery of the Surprise Field and the successful flow test of light sweet crude oil for which an oil sales agreement is about to be concluded.

It may be noted that in previous years, re-election of directors has had the following outcomes in approval: Henry Askin 87% (2011), Richard Faull 89% (2010) and William Dunmore 90% (2009). The percentages are derived from the comparison of the primary plus discretionary proxies with the total votes cast. All of these directors are shareholders, which may be verified by inspecting the notifications of holdings on the ASX web page, or by inspection of the annual reports, and as such their interests are fully aligned with other stakeholders.

To enable your Company to grow and to increase its shareholder value, which has already been realised to some extent from the recent lows – probably directly or indirectly in response to our recent initiatives, we encourage you to complete the enclosed Voting Form by voting for the board that has demonstrated its resilience and integrity in maintaining your Company's continuance in the face of on-going and unusual challenges.

VOTE FOR resolutions **4, 5 and 6**

and

VOTE AGAINST resolutions **7, 8, 9, 10, 11 and 12**.

We look forward to your ongoing support.

Yours faithfully

Henry Askin
Non-executive Chairman

Richard Faull
Non-executive Director

William Dunmore
Non-executive Director