

ASX ANNOUNCEMENT

30 July 2010

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Red Sky Withdrawal

Central Petroleum Limited ("Central" or "the Company") is pleased to announce today that it has constructively concluded the outstanding farmin matters of dispute with Red Sky Energy Limited and Red Sky Energy (NT) Pty Ltd ("Red Sky").

Following recent Red Sky announcements, Red Sky headlined their intention to not pursue conventional oil and gas targets in the "Broadacre Joint Venture" and Central announced that default notices were issued for claimed outstanding farm-out costs. Red Sky has publically announced its intention to pursue exploration interests inter alia, in the Clarence Moreton Basin. Central and Red Sky decided it was in the best interests of their respective shareholders if Red Sky withdrew from all Permits and Permit Applications farmed out by Central's relevant subsidiaries for an undisclosed settlement sum.

As a result, the Red Sky Farmout Agreement will be terminated and Red Sky will withdraw from the Joint Ventures. Red Sky will return all of Red Sky's participating interests in the Joint Ventures listed in the notice below to Central's relevant subsidiaries.

"A mutually agreed outcome is generally a far more productive way to resolve any dispute in joint ventures rather than to refer matters to litigation or arbitration" said John Heugh, Central's Managing Director today, "so this most recent agreement with Red Sky not only frees Red Sky of its obligations with Central but clears the way for Central to potentially form Joint Ventures with other more substantial partners".

NOTICE: The participating interests of the relevant parties in the respective permits and permit applications which may be applicable to this announcement were/are:

- EP-82 (excluding the Central subsidiary Helium Australia Pty Ltd ("HEA") and He Nuclear Ltd ("HEN") Magee Prospect Block) - HEA 90% and Red Sky Energy (NT) Pty Ltd ("ROG NT") 10%.
- Magee Prospect Block, portion of EP 82 - HEA 84.66% and HEN 15.34%.
- EP-93, EP-105, EP-106, EP-107, EPA-92, EPA-129, EPA-131, EPA-132, EPA-133, EPA-137, EPA-147, EPA-149, EPA-152, EPA-160, ATP-909, ATP-911, ATP-912 and PELA-77 - Central subsidiary Merlin Energy Pty Ltd 90% ("MEE") and ROG NT 10%.
- The Simpson, Bejah and Dune Prospect Block portions within EP-97 - MEE 80% and Rawson Resources Ltd 20%.
- EP-125 (excluding the Central subsidiary Ordiv Petroleum Pty Ltd ("ORP") and HEN Mt Kitty Prospect Block) and EPA-124 - ORP 90% and ROG NT 10%.
- Mt Kitty Prospect Block, portion of EP 125 - ORP 75.41% and HEN 24.59%.
- EP-112, EP-118 and EPA-120 - Central subsidiary Frontier Oil & Gas Pty Ltd ("FOG") 90% and ROG NT 10%.
- EP-115 & EPA-111 - FOG 80%, Trident Energy Limited 10% and ROG NT 10%.
- PEPA 18/08-9 PEPA 17/08-9 and PEPA 16/08-9 - Central subsidiary Merlin West Pty Ltd 90% and ROG NT 10%.
- EPA 130 MEE 55% and Great Southern Gas Ltd 45%



John Heugh
Managing Director
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