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ANNOUNCEMENT AND MEDIA RELEASE

Central Petroleum

9 March 2022

HALF YEAR RESULTS

Central Petroleum Limited (**ASX:CTP**) ("**Central**") today reports a net profit after tax of $30.5 million for the half year to 31 December 2021, including a $36.6 million profit on the sale of half of its interest in its three producing gas and oil fields in the Northern Territory. The result also includes $10.1 million of exploration expenses associated with preparations for two new exploration wells at Palm Valley and Dingo and testing at its Range coal seam gas pilot.

Underlying Earnings Before Interest, Tax, Depreciation, Amortisation and Exploration (EBITDAX) was $10.0 million, down from $12.9 million in the corresponding 2020 half year, reflecting the reduced interests in the Amadeus Basin producing properties from 1 October 2021. Underlying performance was relatively consistent with previous periods, with field decline offset by increased capacity at Mereenie following the commissioning of two new production wells.

Highlights for the half year

- On 1 October Central completed the sale of 50% of its interests in the Mereenie, Palm Valley and Dingo fields (Partial Asset Sale) to New Zealand Oil & Gas Limited (NZOG)(ASX:NZO) and Cue Energy Resources Limited (Cue)(ASX:CUE), recognising a book profit of $36.6 million. The Partial Asset Sale completed on 1 October 2021, with the proceeds funding a significant program of development and exploration in those fields and facilitating the repayment of $32 million of debt in the six months to 31 December 2021.
- Central entered a new gas sale agreement for the sale of up to 3.15 PJ (net to Central) of gas over four years from 1 January 2022.
- Two new production wells at Mereenie were drilled and brought online.
- Gas and oil reserves were reviewed as at 31 December 2021, with an increase of 2P reserves across the three fields of 3.5 PJ replacing Central's 3.4 PJ share of production since 30 June 2021.
- Testing continued on the three-well pilot program at the Range Gas Project, along with planning of two step-out pilot wells (Range 9 and 10). The wells were subsequently drilled in February 2022, confirming coal thicknesses more consistent with expectations for the field with an extended production test scheduled to commence around the end of March.
- Planning, approvals, contracting and procurement for the new Palm Valley Deep and Dingo 5 exploration wells in the Amadeus Basin were finalised and the wells are scheduled to commence drilling in 1H CY2022.
- Net sales of oil and gas were 3.81 PJe for the half year, compared with 5.16 PJe sold in the previous six months to 30 June 2021, reflecting the lower ownership interests following the Partial Asset Sale.

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- Operating revenue was $23.5 million, compared to $28.9 million recognised in the corresponding six months to December 2020, reflecting the lower ownership interest following the Partial Asset Sale which was partly offset by higher realised oil prices and indexation of gas contract prices.
- Net Debt was $12.4 million at 31 December, down from $31.3 million at 30 June 2021 reflecting the $29 million loan prepayment from the proceeds of the Partial Asset Sale.
- In February 2022, the Group entered into a farmout of interests in Amadeus Basin exploration tenements EP82, EP112 and EP125 to Peak Helium (Amadeus Basin) Pty Ltd. The farmout will result in new sub-salt exploration wells, expected to be drilled in 2023 and targeting natural gas, helium and hydrogen. The Group will be free carried by Peak for its share of the costs for two of the three sub-salt wells.

Central's CEO and Managing Director, Leon Devaney said *"The underlying results for the six months were solid, supported by a strong market and demonstrating the quality of our fields in the Amadeus. The $36.6 million profit on the partial sale of our production assets was a great result which clearly drove the headline profit figure. The proceeds have allowed for debt reduction and are now funding our share of over $100 million (gross JV) in exploration and development across these permits."*

"*The recent farm-out agreement with Peak Helium is also a great result, providing the catalyst for sub-salt exploration drilling in 2023 at not only the Dukas prospect, but also two additional very attractive sub-salt prospects at Mt Kitty and Magee/Mahler targeting natural gas, high value helium and "gold" hydrogen."*

"We now look forward to the next leg of growth, driven by one of Central's most active periods ever for exploration drilling and appraisal testing", he concluded.

Summary of results

	Half year to		Change from Half Year ending 31 December 2020	
	31 December 2021	31 December 2020	$ '000	%
Net Sales Volumes				
- Natural Gas (TJ)	**3,633**	**4,890**	(1,257)	(26)%
- Oil & Condensate (Bbls)	**29,552**	**37,810**	(8,258)	(22)%
Sales Revenue ($ '000)	**23,530**	**28,933**	(5,403)	(19)%
Gross Profit (AUD $ '000)	**11,991**	**14,688**	(2,697)	(18)%
Underlying EBITDAX[1] (AUD $ '000)	**10,005**	**12,911**	(2,906)	(23)%
Underlying EBITDA[2] (AUD $'000)	**(78)**	**11,506**	(11,584)	(101)%
Underlying EBIT[3] (AUD $ '000)	**(3,529)**	**5,020**	(8,549)	(170)%
Underlying Profit/(loss) after tax[4] ($ '000)	**(6,097)**	**2,538**	(8,635)	(340)%
Statutory Profit after tax (AUD $ '000)	**30,462**	**2,538**	27,924	n/a
Net cash (outflow)/inflow from Operations[5] (AUD $'000)	**(481)**	**17,629**	(18,110)	(103)%
Capital expenditure[6](AUD $ '000)	**8,601**	**2,804**	5,797	207%

Notes:

1. Underlying EBITDAX is Earnings before Interest, Tax, Depreciation, Amortisation, Impairment, Exploration costs and profit on disposal of interests in producing properties (refer reconciliation below).

2. Underlying EBITDA is Earnings before Interest, Tax, Depreciation, Amortisation, Impairment and profit on disposal of interests in producing properties.
3. Underlying EBIT is Earnings before Interest, Taxation and profit on disposal of interests in producing properties.
4. Underlying profit/(loss) after tax is statutory profit after tax before profit on disposal of interests in producing properties.
5. Cashflow from Operations includes cash outflows associated with Exploration activities. The half year to 31 December 2020 includes proceeds from pre-sold gas.
6. Capital expenditure on tangible assets

Reconciliation of statutory profit before tax to underlying EBITDAX

Underlying EBITDAX, underlying EBITDA and underlying EBIT are non-IFRS measures that are presented to provide an understanding of the underlying performance of the Group. The non-IFRS information is not subject to audit review, however the numbers have been extracted from the financial statements which have been subject to review by the Group's auditor. A reconciliation to profit before tax is provided below.

	Six months ending:	
	31 Dec 2021 $'000	**31 Dec 2020 $'000**
Statutory profit before tax	30,462	2,538
Profit on disposal of interests in producing properties	(36,559)	–
Underlying profit/(loss) before tax	**(6,097)**	**2,538**
Net finance costs	2,568	2,482
Underlying EBIT	**(3,529)**	**5,020**
Depreciation and amortisation	3,451	6,486
Underlying EBITDA	**(78)**	**11,506**
Exploration expenses	10,083	1,405
Underlying EBITDAX	**10,005**	**12,911**

Debt refinance

Central's loan facility ($34.8 million at 31 December 2021) is due to expire on 30 September 2022. Discussions are already under way with the existing financier and the Group has successfully extended the maturity date of this loan facility several times in the past. Various alternative refinancing options are also being considered.

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This ASX announcement was approved and authorised for release by Leon Devaney, Managing Director and Chief Executive Officer.

About Central Petroleum

Central Petroleum Limited (Central) is an established ASX-listed Australian oil and gas producer (ASX: CTP) with exploration and appraisal permits in the Northern Territory (NT) and Queensland. Central has grown to become the largest onshore gas Operator in the NT, supplying customers in the NT and wider Australian east coast market.

Central is seeking to become a major domestic energy supplier, with exploration, appraisal and development plans across 180,000 km² of tenements in Queensland and the NT, including some of Australia's largest known onshore conventional gas prospects and highly prospective CSG resources in the Surat Basin.

General Disclaimer and explanation of terms:

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