

13 July 2017

Chairman's Letter to Shareholders

The Shareholders Meeting requisitioned by OptionCo is set down for 19 July 2017. I have previously written to shareholders on 19 May and through my statement on conclusion of the Scheme Meeting highlighted the reasons why I believe the OptionCo proposals and resolutions are not in the best interests of Central shareholders. Since that date I have received nothing from OptionCo that supports that Board change is the panacea that OptionCo contends. In my opinion their proposed actions are not value accretive and create risk to the future of Central.

Your Directors unanimously recommend that you vote against all the resolutions proposed by OptionCo and retain the current Board for the following reasons:

1. The OptionCo proposal is for a wholesale change of the current Board to Directors solely nominated by OptionCo, a group representing just over 5% of shares on issue. Control of the entire Board will therefore change without any meaningful process of succession planning, objective and informed assessment of the skills required for the Central Board and without any time for appropriate knowledge transfer. In conjunction with the replacement of the CEO OptionCo effectively propose the complete replacement of Central's leadership. In my view such a proposal is an unnecessary risk compared to an orderly Board succession planning process.
2. The CEO of Central, Richard Cottee, has previously confirmed his intention to resign should the OptionCo resolutions be successful. OptionCo has indicated that this is not an issue. Consequently, Richard has repeated this intention in the attached letter to myself. However, Richard has also articulated his confidence in continuing to successfully implement the strategy developed by him and his management team in conjunction with the current Board. The strategy has been fully endorsed by OptionCo. There appears no benefit in the OptionCo proposal to replace such a seasoned, talented and dedicated CEO as Richard Cottee whilst taking the additional risk of the disruption it will inevitably cause to the entire management team.
3. In my earlier Statement to Shareholders I advised that the priority for Central should now be seeking equity capital to fund development of the Mereenie resource, continuing the debate on pipeline tariff reform and developing a collaborative go to market strategy with our joint venture partner, Macquarie Bank. The current Central leadership team has a proven track record on raising finance, has led the debate on tariff reform and maintains a productive relationship with Macquarie Bank.

I encourage you to vote against all resolutions according to the Board's unanimous recommendation. For shareholders who have not yet voted, you can register your vote online via the Company's website using the following link:

<http://centralpetroleum.com.au/>

For enquiries, please call the Company's Share Registry Mon-Fri, 8:30am-7:00pm (AEST):
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Yours sincerely,



Robert Hubbard
Chairman

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12 July 2017

Dear Chairman

In my letter to you dated 26 May 2017, I advised the Board that, if the Scheme of Arrangement (SOA) was not approved, I would determine my future position with Central. In that letter I stated that I would take into account three matters, namely:

1. The uncertainty created by the unnecessary Section 249D notices;
2. The likelihood of future value enhancement of Central; and
3. The Company's ability to raise capital given the complexities the Company faces.

Now that I have no longer been distracted by the SOA, I have been able to reflect on what we have achieved and the correct positioning of the Company. I am proud of being part of the decision making that foresaw the collapse of the oil price and the opportunities for new gas provinces as a result of the then predicted but now confirmed gas shortage. I am proud that we could find a way to acquire our gas assets without equity market support. I am proud that Central could be part of the reason for the Northern Gas Pipeline and remain unaffected by various moratoria around Australia.

I know that there is a disgruntled section of the shareholders who are clamouring for a new direction or a new option wishing to traduce the hard work which has caused Central to outperform the ASX300 Energy Index since the oil price collapse. These groups are heavy on rhetoric but light on detail. I anticipate that, whilst the Board will retain the confidence of the majority of shareholders, these groups will continue beyond the vote using remuneration reports and irresponsible social media to destabilise the Company in their quest for relevance.

Given over two-thirds of the shareholders voted in accordance with the Board's recommendation, it would be a travesty for the Company to change direction on the very cusp of success. The faith shown by the two-thirds that voted with the Board will be vindicated if we complete the journey as an independent ASX listed company.

The publicity surrounding the Scheme means that I am confident that the necessary equity financing can now be raised. The relationship with Macquarie remains strong based on mutual respect and commonality of interest.

I, therefore, look forward with relish to see the Company deliver its first gas to the eastern seaboard and working with this Board.

Yours faithfully



Richard Cottee

Managing Director and Chief Executive Officer
CENTRAL PETROLEUM LIMITED