ASX ASX CODE: CTP

ANNOUNCEMENT AND MEDIA RELEASE

3 October 2018

Company Update

Central Petroleum Limited ("**Company**" or "**Central**") today announces an update on the Gas Acceleration Programme ("**GAP**"). The GAP has an objective of maximising gas sales into the east coast market following connection via the Northern Gas Pipeline ("**NGP**") scheduled for commencement in December 2018. This is step change in the Company's financial position as gas sales under contract will nearly triple from current levels in just a few months. Not only does this create value from producing assets that were purchased only a few years ago, but it also provides the Company with significant financial flexibility as we seek to create new value through our exploration and business development activity.

The Company has completed a comprehensive review of the GAP driven by:

- Recent management changes (new Acting CEO, new COO, new CCO).
- Completion of front-end engineering and design (FEED) for the Palm Valley facility restart project.
- Independent reviews in several areas of the business, including Palm Valley sub-surface modelling and field deliverability forecasts and funding alternatives.
- Enhanced project planning processes, including additional contingency provisions and risk mitigation strategies.

As a result of this review the estimated total cost of the GAP is forecast to increase by $11.5 million (inclusive of additional contingency available for Palm Valley field performance). These cost increases relate to both facility projects at Mereenie and Palm Valley and the Palm Valley 13 appraisal well. Importantly, this review provides for a heightened level of planning confidence and risk mitigation going forward.

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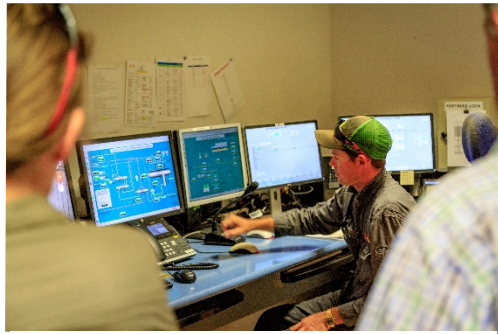
The Company has also decided to defer the planned drilling of the Ooraminna 3 appraisal well to 2019. This timing provides an opportunity to optimise the Ooraminna appraisal well following West Mereenie 26 results (mineralisation) and pending the Palm Valley 13 results. In addition, it prioritises currently available capital toward those GAP projects that will maximise gas sales immediately on commencement of the NGP. We anticipate that increased operational free cash flow is expected to be available for a deferred Ooraminna appraisal well from 2019.

The GAP cost increases identified above, net of savings associated with a deferral of the Ooraminna appraisal well, can be funded through a $7.5 million increased debt facility with Macquarie Bank (subject to satisfaction of usual conditions precedent).

Whilst the GAP costs have increased from the original scope and estimate last year, we are achieving the objective of maximising gas sales into the east coast market on commencement of the NGP in December. As a brownfield project, the economics of the GAP remain robust and highly value accretive for the Company.

The attached Company Update provides additional detail on the above, including a summary overview of the 2018 annual results.

- Ends -



Company Update

3 October 2018

Central Petroleum Limited (ASX: CTP)

Central
Petroleum

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Summary of Key Update Areas

- Summary overview of FY2018 annual results released 28 September 2018.
- Update on the Gas Acceleration Programme (GAP), including project status, project costs and the project funding strategy. This update follows a comprehensive review and reassessment of the GAP.
- Decision and rationale to defer Ooraminna 3 appraisal well into 2019.
- Brownfield economic metrics driving GAP investment.

In addition, this Company update repeats general corporate information presented to the market on 12 September 2018, including our portfolio of exploration, development and production assets, corporate headline strategy, post-GAP sales outlook, business development activity, key share price growth catalysts and community contributions.

Overview

Strong foundation poised for growth

Our Company

- ASX Listed ("CTP") with a current market capitalisation $92 million*
- Focus on onshore gas E&P in central and eastern Australia
- Operator of 3 onshore fields in the Northern Territory (NT) with oil and gas sales of circa 5.5PJe in FY18
- Current reserves

Reserves**	Unit	1P	2P	2C
Gas	PJ	81.03	122.90	143.60
Oil	MMBBL	0.37	0.38	0.10

*** Net to Central Petroleum as at 30 June 2018 after deducting FY18 production*

- NT exploration permits cover 228,740 km², most of which is gas prone and underexplored
- Recently granted ATP2031 in Queensland's Surat Basin (CSG) covering 77km² north-west of the town of Miles and adjacent to QGC and Arrow planned development areas

** On 2 October 2018*

Key achievements over the last 12 months

Gas sales volume increased by 46% focused on safe, reliable and responsible operations.	Free operating cash flow after debt service contributing to exploration and growth activities.
Materially progressed Gas Acceleration Programme (GAP) to achieve significant new gas sales into the east coast market on completion of the NGP in late 2018.	Mereenie facility upgrade well underway. Palm Valley refurbishment and restart advancing. Both targeting completion by December 2018.
Contracted new gas supply to lock-in value immediately on start of NGP.	Contracted to supply 20 TJ/d of gas to Incitec Pivot Limited (IPL) almost tripling contracted sales from the start of the NGP.
Appraisal drilling of new targets at Mereenie and Palm Valley.	West Mereenie 26 drilling completed and Palm Valley 13 drilling in progress.
New CSG acreage in Queensland Surat Basin covering 77km², targeting 150-180 PJ potentially recoverable.	Granted on 29 August 2018 under a four-year work programme of nine wells estimated at $20 million - funded by IPL farm-in for 50%.

FY 2018 annual results

The FY2018 annual results are driven by new revenue from the Energy Developments Limited gas supply contract (from June 2017), capital raisings and expenditures associated with the GAP.

Key Metrics	Unit	2018	2017	Change*
Net Sales Volumes:				
Natural Gas	TJ	**4,842**	3,322	46%
Oil	BBL	**105,619**	111,380	(5%)
Sales revenue	$million	**34.94**	24.79	41%
Underlying EBITDAX	$million	**11.00**	2.22	395%
Underlying EBITDA	$million	**2.21**	0.32	591%
Statutory Loss after tax	$million	**(14.08)**	(24.73)	43%
Cash	$million	**27.22**	5.48	397%

** A positive percentage reflects an improvement over the previous year.*

FY 2018 annual results and capacity outlook

Gas sales volumes increased to a record **4,842 TJ (up 46%)** in FY2018

Gas capacity is expected to increase to circa **15,000 TJ per annum (triple FY2018 sales)** based on GAP Phase 1*

Gas capacity could increase to up to **20,000 TJ per annum (quadruple FY2018 sales)** based on GAP Phase 2*

** Following the successful completion of the Gas Acceleration Programme (GAP) which is currently underway. Phase 1 expects to increase gross capacity to 41.4TJ/d and Phase 2 could increase gross capacity to 54.3TJ/d.*

"The 2018 financial year was a significant year for Central Petroleum in progressing our Gas Acceleration Program (GAP) and broader corporate strategy to become a significant supplier into the east coast gas market following completion of the Northern Gas Pipeline (NGP) scheduled for completion in December this year. We have been able to not only grow our existing operations, but have significantly progressed our key growth initiatives"

Leon Devaney: Acting Chief Executive Officer

Headline strategy

Maximise gas sales into the NT and east coast markets through our Gas Acceleration Programme (GAP)

Take advantage of exploration, development and M&A opportunities in the NT and east coast Australia

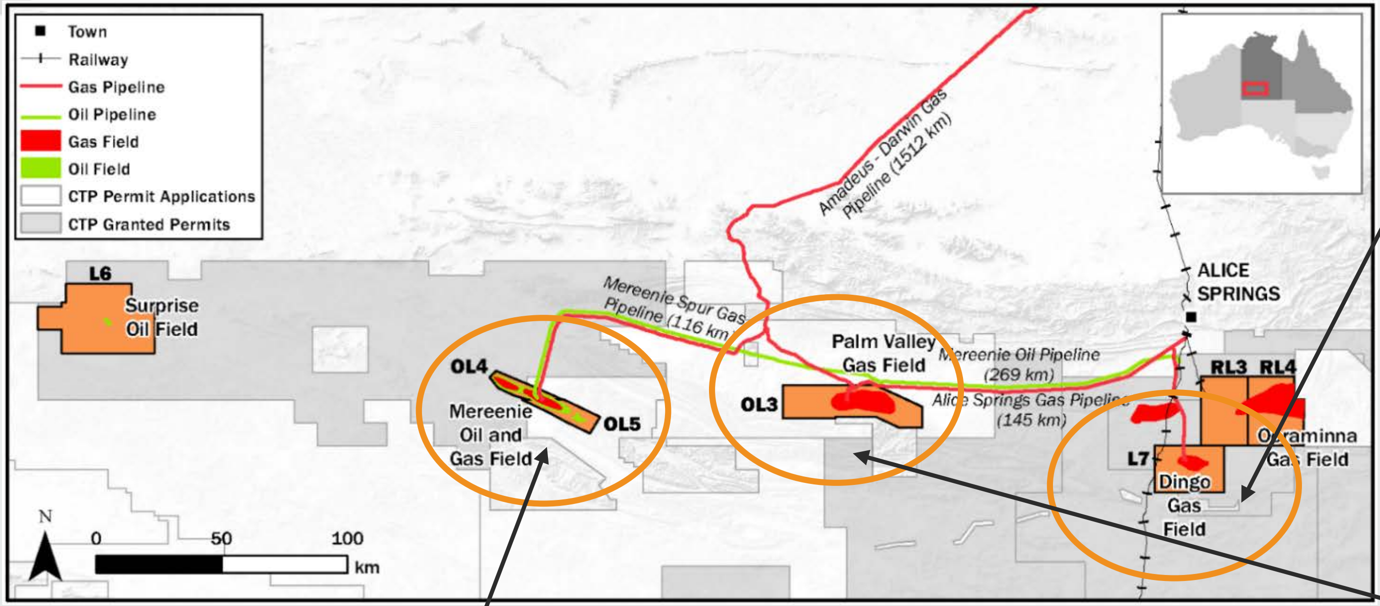
Accelerate exploration of newly awarded Surat Basin CSG acreage

Leverage our capability in exploration, development and operations to create value in new assets

Assets

Growth portfolio covering exploration, development and production

NT operating assets



** Net to Central Petroleum as at 30 June 2018*

Dingo gas field 31.01PJ 2P*

- Covering 20 blocks of EP82
- Gas facilities and 50km gas pipeline to Brewer Estate in Alice Springs
- Supplies Owen Springs Power Station

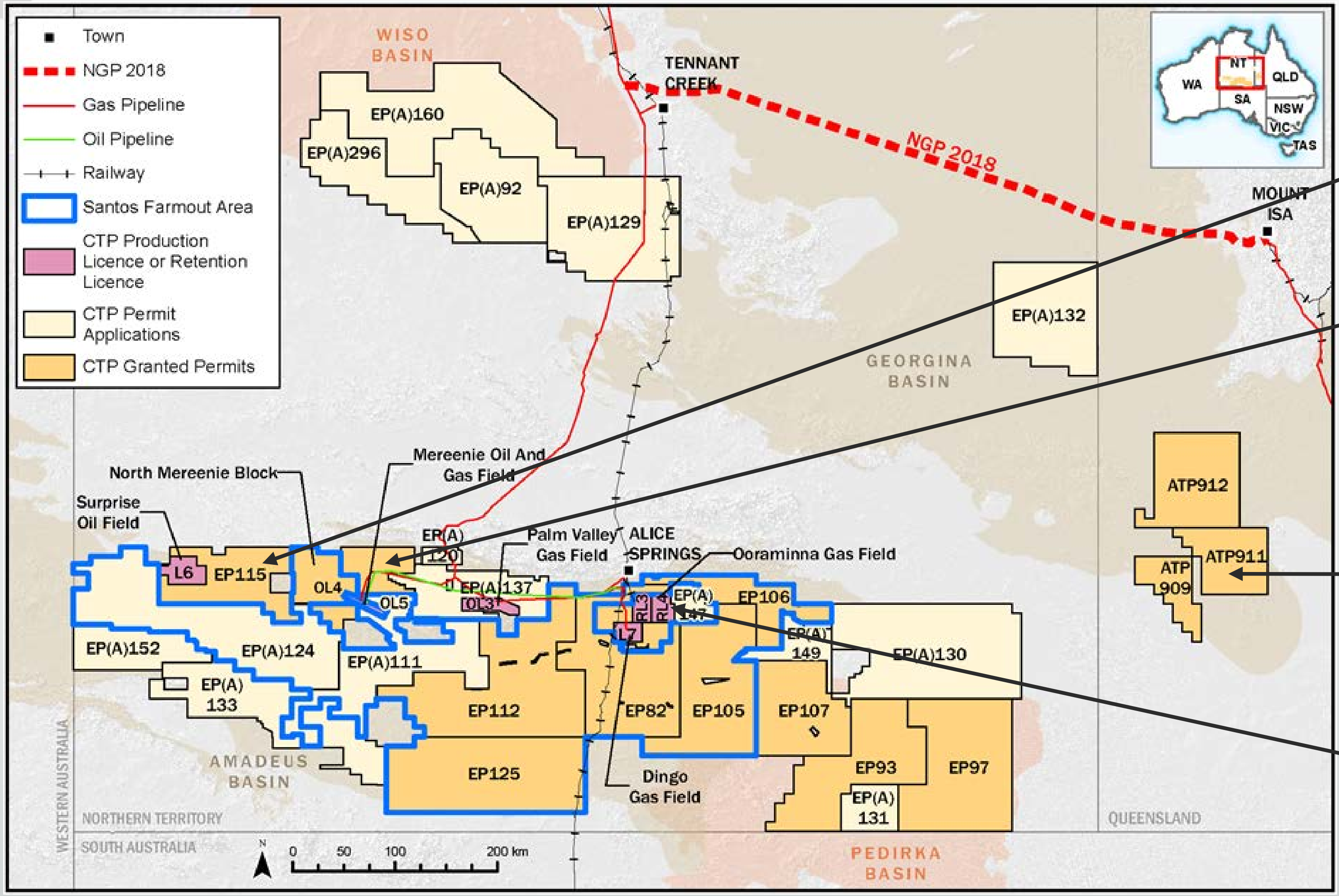
Mereenie oil & gas field (50%) 69.30PJ 2P*

- Including oil & gas plant and 59 wells
- Current capacity 12.5TJ/d* firm gas
- Upgrade to 22TJ/d* for NGP late 2018
- WM26 results disappointing, but under analysis

Palm Valley gas field 22.59PJ 2P*

- Including compression, processing and transport infrastructure
- Restart in progress for 15TJ/d for NGP
- Drilling of PV13 underway

Exploration in granted permits



Southern Amadeus Joint Venture

- Santos may drill Dukas Prospect (in EP112) in Q1 CY2019 targeting Multi-TCF gas potential
- Santos currently 40% - would move to 70% with Dukas
- EP(A) 111, 124 50/50 JV

EP115

- Follow up to Surprise oil discovery

North Mereenie Block

- Three stage farm-out to Santos as operator (40%) in 2012
- Several conventional exploration opportunities

Southern Georgina Basin

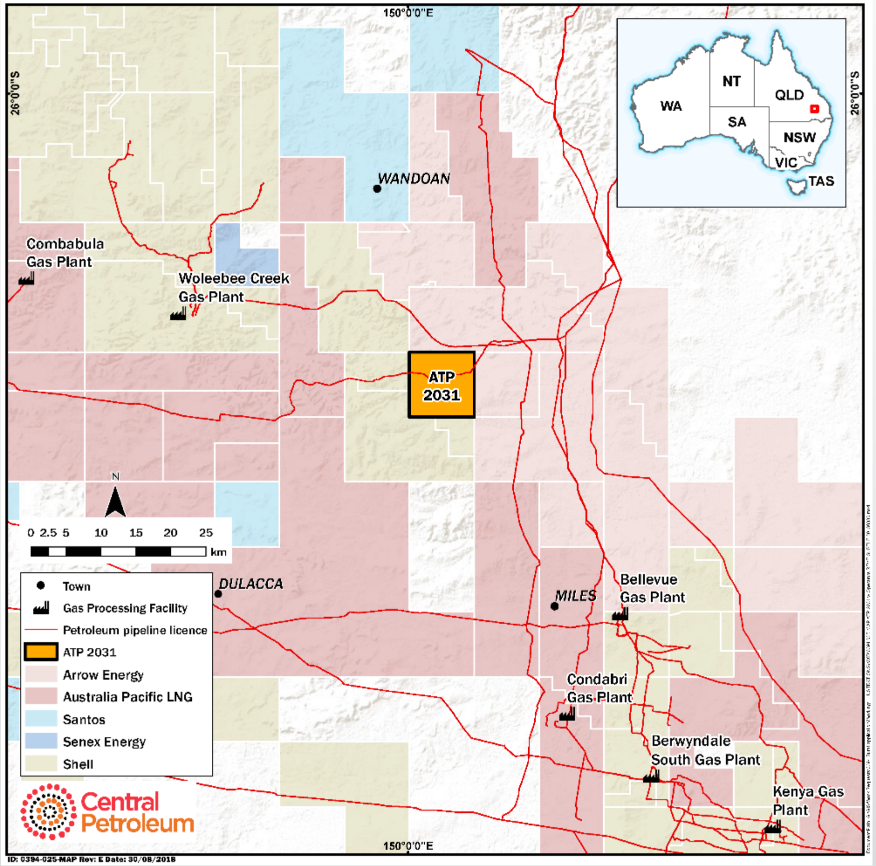
- Considering opportunities to progress

Ooraminna gas fields

- Natural fracture model developed to target Ooraminna 3

Queensland CSG acreage

- Awarded 29 August 2018, comprising 77km² CSG acreage for Australian domestic gas supply, midway between Miles and Wandoan in the eastern Surat Basin
- North-eastern Walloon Fairway, surrounded by acreage held by Shell, Arrow and APLNG
- Targeting 150-180 PJ potentially recoverable
- Four year programme, comprising nine wells and at least one production test pilot – $20 million funded by IPL farm-in for 50%



Roadmap

Gas Acceleration Programme (GAP) update, exploration and appraisal, business development and near-term share growth catalysts

Comprehensive review of GAP

A comprehensive review of the GAP costs and funding requirements driven by:

- Management changes (new Acting CEO, new COO, new CCO)
- Completion of FEED for Palm Valley facility restart project
- Peer review of sub-surface modelling and field deliverability forecasts
- Enhanced budgeting and planning, including contingencies and risk mitigation strategies.

The comprehensive review provides for an updated GAP budget and better visibility over key project delivery risks and go-forward funding requirements. This approach to the budgeting process is critical as we transition from an exploration company to a more significant exploration, development and production company.

GAP to maximise initial east coast gas sales

Initially planned a 4 well appraisal programme.

Evolved through analysis, which showed brownfield work to be better for increasing near-term production, to:

- 2 facility projects
- 2 well appraisal programme

GAP	Status
1. Mereenie upgrade	In progress
2. Palm Valley restart	Compressors serviced, control systems refurb. underway, wireline well servicing underway
3. WM26	Complete
4. PV13	In progress
5. Ooraminna 3	Deferred to 2019

September 2017
Raised $25 million to support GAP.

March 2018
Upgrade Mereenie capacity agreed. Drill WM26.
Palm Valley restart announced. Drill PV13.

April 2018
Palm Valley capability review

June 2018
GSA with IPL for 20 TJ/d.

July 2018
WM26 well completed.

August 2018
PV13 spudded.

Ooraminna 3 appraisal well

- Ooraminna 3 was scheduled to be drilled in November 2018
- Decision to defer the Ooraminna appraisal well to 2019
- Rationale for the deferral:
  - Opportunity to optimise the Ooraminna appraisal well following WM26 results (mineralisation) and pending PV13 results
  - Prioritising funding available for the GAP – balancing capital constraints with the objective to maximise gas sales into the east coast market from December 2018 (net GAP savings of $4 million by deferring Ooraminna 3 well)
  - Potential to fund an optimised well design through increased free cash flows in CY2019
- An Ooraminna commitment well is currently required by March 2019, but there is potential to extend timing subject to government approval

GAP gas capacity and sales position

Gas capacity post upgrade

TJ/d	Phase 1	Phase 2	Total
Mereenie 100%	44.0	**14.0	58.0
Mereenie 50%	22.0	7.0	29.0
Palm Valley	15.0	***5.0	20.0
Dingo	4.4	0.9	5.3
Total net to Central	**41.4**	**12.9**	***54.3**

* Capacity of 54TJ/d net to Central can be delivered in 2 phases subject to mitigating lateral pipeline constraint

** Working on mitigating constraint which could add up to 14TJ/d to Mereenie JV capacity

*** Possible additional capacity from Palm Valley subject to field performance and PV13 results

Gas sales

TJ/d	Total
Existing Mereenie and Palm Valley****	10.5
Existing Dingo	4.4
Total net to Central	**14.9**
Additional post NGP	26.5
Total net to Central	**41.4**

**** Effective 1 December 2018

Total net to Central sales post NGP in line with Phase 1 capacity and almost triple sales prior to NGP.

GAP funding requirement progression

	Initial GAP concept	Enhanced GAP through facility projects*		Comprehensive review**
	September 2017: • 4 Wells • No facility project	March 2018: • 3 Wells • 1 Facility project	June 2018: • 3 Wells • 2 Facility projects	October 2018: • 2 Wells • 2 Facility projects
GAP Funding Requirement	**$25.0M**	**$25.0M**	**$35.3M**	**$42.8M**
Wells	2 Mereenie wells 1 Palm Valley well 1 Ooraminna well	Exclude WM25 well	Increase in PV13 cost not funded from cash flow	Further increase in PV13 cost Defer Ooraminna (net saving)
Mereenie upgrade		Initial upgrade estimate	Upgrade estimate increase	Nitrogen management***
Palm Valley restart			Initial restart estimate	Restart estimate increase not funded from cash flow

** Decision to remove 1 well, undertake 2 facility projects and extend PV13 better achieves the GAP objective of maximising sales into the east coast market by December 2018.*

*** A comprehensive review of the GAP project, covering required scope, costs and available contingencies. This has led to a much higher level of confidence, however it should be noted that final costs could nevertheless still be impacted by unanticipated schedule delays or field performance issues.*

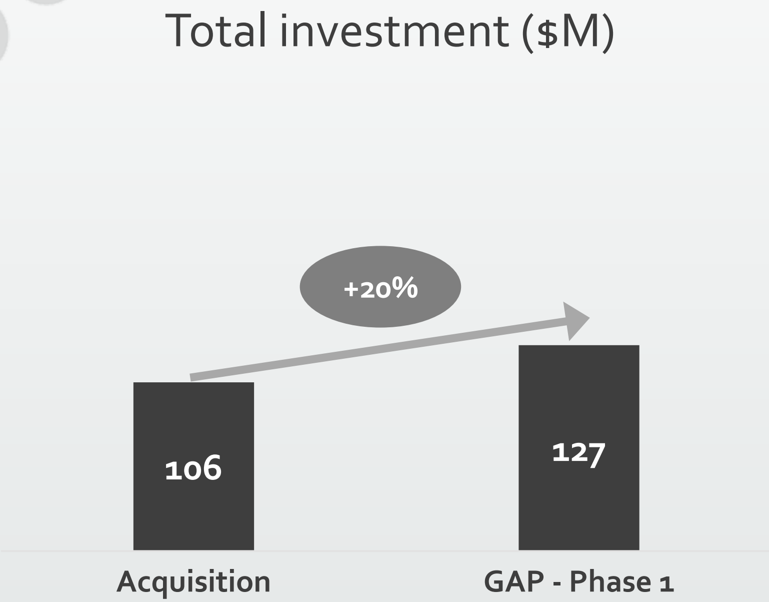
**** Required following the result from WM26, which was expected to provide low Nitrogen gas contribution. Cost estimate subject to further definition.*

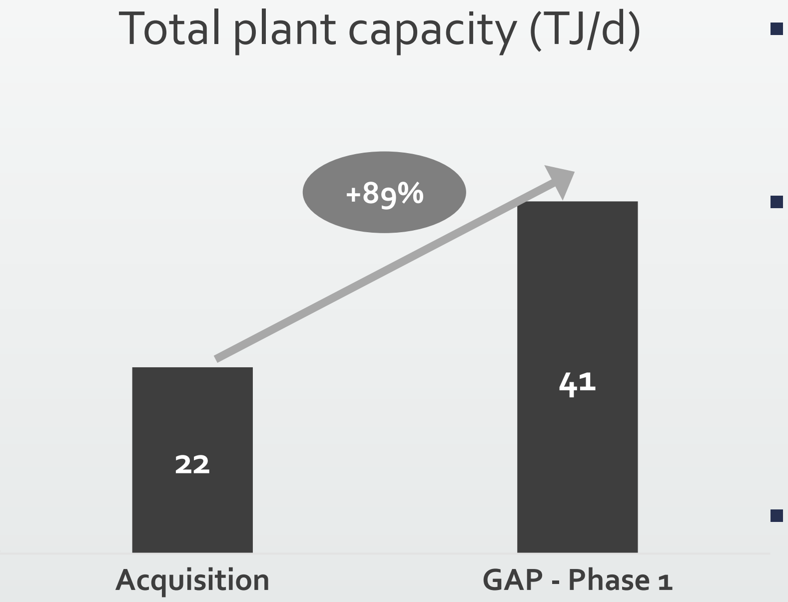
GAP funding progression

	Initial GAP concept	Enhanced GAP through facility projects		Comprehensive review
	September 2017: • 4 Wells • No facility projects	March 2018: • 3 Wells • 1 Facility project	June 2018: • 3 Wells • 2 Facility projects	October 2018: • 2 Wells • 2 Facility projects
GAP Funding Requirement	**$25.0M**	**$25.0M**	**$35.3M**	**$42.8M**
Source	Equity raise $25.4M		Macquarie facility increase ($4.9M) PLUS Incitec Pivot pre-sale ($5.0M)	Macquarie facility increase ($7.5M)*
Funding	**$25.4M**	**$25.4M**	**$35.3M**	**$42.8M**

** In addition to the Macquarie facility increase, the Company secured a $10 million facility with Long State Investment Limited on 27 September 2018 as disclosed in the FY18 annual report. This facility is for emergency cash flow purposes only and is not intended as a primary source of funding for the GAP . The Company believes it has other options to access equity markets more efficiently if necessary, and therefore it is not intended to be activated or to be drawn down.*

GAP investment – brownfield economics





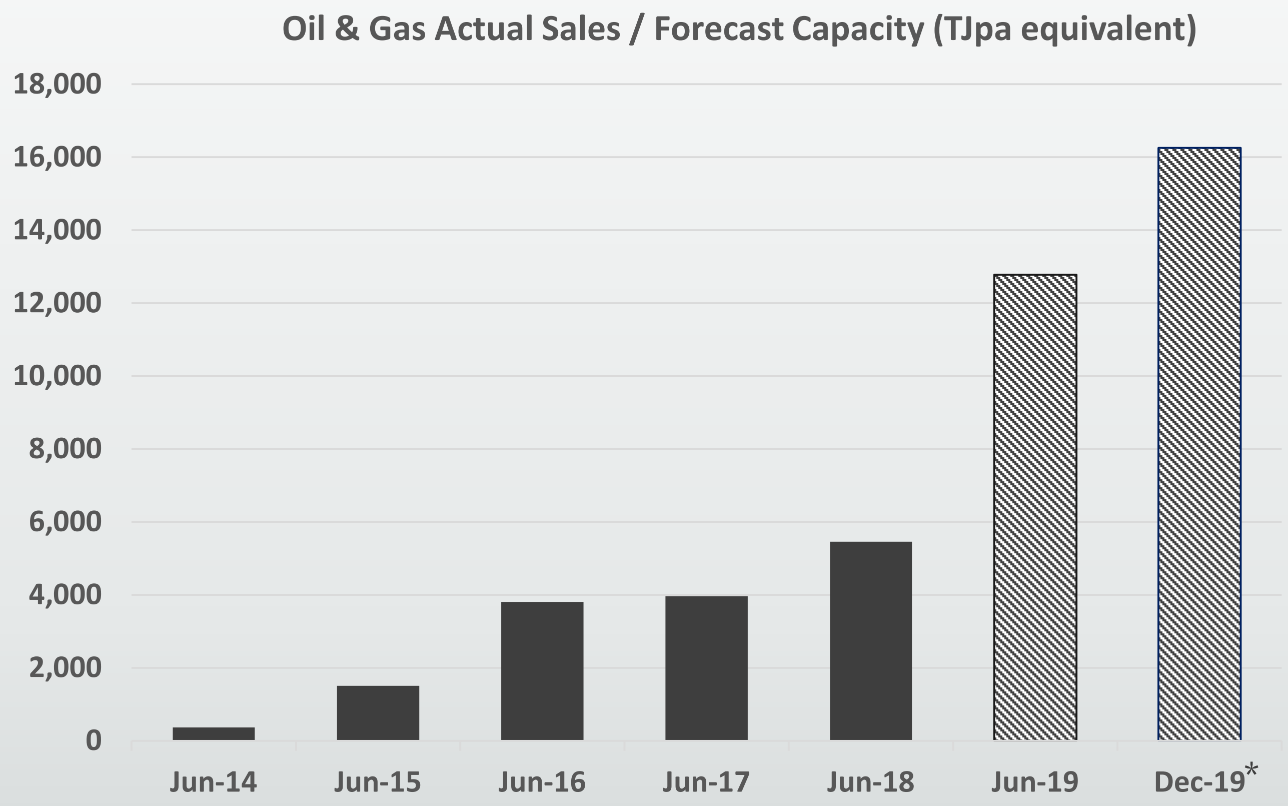
	Unit	Acquisition	GAP Phase 1	Total
Firm plant capacity	TJ/d	*21.9	19.5	41.4
Investment	$M	**106.4	***21.0	127.4
Impact	**$M per TJ/d**	**4.86**	**1.08**	**3.08**

- GAP adds significant production capacity
- GAP lowers the cost of investment in capacity per unit output
- GAP will improve profitability from future production

** Prior to suspension of production from Palm Valley due to NT market constraint*
*** Prior acquisition or development costs for Palm Valley, Dingo and Mereenie fields*
**** Excludes wells and contingency*

GAP maximising east coast gas sales

- Connection to the east coast market is a catalyst for a significant increase in gas sales
- Installed capital cost per unit of production capacity reduces with Mereenie upgrade / Palm Valley restart
- Operating cost per unit of production will reduce with increased production
- Published reference rates for gas transport to Ballera is circa $3.60 - $3.80/GJ including Nitrogen removal cost



** 12 months to December 2019 reflects first full year of operations with the NGP available*

Appraisal and exploration

	Targeting	Status	Potential
West Mereenie 26	Lower Stairway 2 sandstone	Completed - minor gas shows due to mineralisation – review to assess technical alternatives	Up to 120PJ of contingent resource estimated (NSAI 31 December 2015)
Palm Valley 13	Known gas in the Pacoota P1 sandstone	Expected completion in October	Increase field recoverability and production capacity
Ooraminna 3	Pioneer sandstone conventional reservoirs	Deferred to 2019	Commitment appraisal well targeting 28-140 PJ (operators best estimate)
Dukas prospect	Regional sub-salt basin arch hosting large sub-regional closures	Santos may drill Dukas prospect in Q1 2019	Santos have signalled multi-TCF gas potential

Business development

In addition to increased gas sales through the NGP, we are actively progressing the following key growth opportunities:

- Tendering for new acreage releases in Queensland
- Potential LPG projects
- Potential local refining projects
- Partnering with new gas users in the NT
- Market search for farm-in / farm-out / acquisition opportunities

Near-term share price growth catalysts

Asset	FY 2019 Q1	FY 2019 Q2	FY 2019 Q3	FY 2019 Q4	FY 2020 Q1	FY 2020 Q2	FY 2020 Q3	FY 2020 Q4
Mereenie		Upgrade/ restart completion Start supply through NGP	Supply IPL at 20TJ/d until 31 December 2019 →				Mitigation of Mereenie lateral pipeline constraint	
Palm Valley		Complete drilling PV13						
QLD CSG	Awarded ATP2031 on 29 August	Execution of exploration programme which comprises nine wells and one production test pilot →						
Exploration			Future exploration and appraisal → Santos may drill Dukas in EP112 Ooraminna 3	Ongoing exploration / appraisal target screening				

Strategic Priorities

Strategic position and key priorities

Strategic position

- Highly experienced management team
- Proven capability in exploration, development and operations
- Poised to almost triple gas sales in late 2018 with the commencement of the NGP
- Significant exploration permit acreage position in the NT
- Well placed to take advantage of significant gas assets (operating / appraisal / exploration) soon to be connected to the critically short east coast gas market
- Newly awarded Surat Basin CSG acreage
- Proven history of implementing growth strategies and business development
- Strongly placed to take advantage of exploration, development and M&A opportunities in the NT and east coast Australia

Key priorities

- Maintain our focus on safety first
- Continue to operate in an environmentally responsible manner
- Continue to make a positive contribution to the communities in which we operate
- Maximise gas sales into NT and east coast markets
- Drive exploration and appraisal of existing portfolio
- Accelerate appraisal of Surat Basin acreage
- Progress business development opportunities for further growth

Positive Community Contribution

3 key employment strategies to sustain our NT operations:

1. *Family Values for Working Families* – maximise number of employees who can commute daily from their homes in Alice Springs

2. *NT for Northern Territorians* - to the extent possible employees are based at Alice Springs and “bussed” in

3. *Traditional Values for Traditional Owners* - commitment to training and employing people on whose land we operate and Indigenous employees generally. 30% of our operational employees are Indigenous.

Our current operations achieve:

- 60% are local employees
- 30% of staff are Indigenous
- 40% of Alice Springs’ electricity is generated using our gas
- $1.5 million extra local economic activity annually
- Over $2.5 million in Northern Territory and CLC Royalties last financial year

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