

11 October 2019

**CY2020 Exploration Programme
New growth phase**

Central Petroleum Limited (**ASX:CTP**) (“**Company**” or “**Central**”) has over the past six months undertaken a comprehensive updated analysis of its exploration portfolio, using its recently augmented internal exploration capabilities and independent external verification. This strategic portfolio review is now complete, defining a CY2020 exploration programme that will reinvigorate exploration in Central’s Amadeus Basin permits. Successful exploration results will drive the Company’s growth beyond 2020.

Key points

- Exciting CY2020 exploration programme that consists of five high-graded drillable prospects and two appraisal tests in Central’s Amadeus Basin tenements in the Northern Territory (NT);
- The estimated aggregate prospective resources contained within the prospects (net to Central) are:

	Unit	Best estimate (P50)	Mean	Risked
Gas	Petajoules	321	505	205
Oil	Million barrels	24	29	9.5

- In addition, the programme will provide a potential pathway to converting 2C contingent resources of 54 PJ (Central share) to reserves with a targeted Mereenie Stairway appraisal program;
- The CY2020 exploration targets reflect a range of low to moderate-risk opportunities which have been prioritised based on compelling investment justifications, including rapid commercialisation, attractive brownfield economics, proximity to existing infrastructure, and drill-ready in CY2020;
- The CY2020 exploration program is estimated to have a total cost of \$51 million. Central will seek farminees for a minority interest in these exploration targets and possibly in the associated operating assets (Mereenie, Palm Valley, Dingo and Surprise) in order to fully fund the CY2020 exploration programme;
- A longer-term play-based portfolio analysis is underway to identify and prioritise less-mature, but potentially company changing, exploration targets from Central’s 180,000km² of underexplored and producing basins in the NT and Qld; and
- A forward plan for completion of the suspended Dukas-1 exploration well is currently being formulated by Central and its joint venture partner and will be communicated to the market when finalised.

The CY2020 exploration programme will be presented in more detail next week.

Background

Following connection to the east coast gas market via the new Northern Gas Pipeline (NGP) in January of this year, Central's NT exploration assets now have a clear pathway to an attractive east coast gas market. Recognising this new market dynamic, Central has significantly augmented its exploration capabilities with experienced personnel and new analytical tools to undertake a full updated exploration portfolio review over the last six months.

With a portfolio of producing oil and gas assets generating strong operating cash flows and the Range gas project in the Surat Basin progressing towards a Final Investment Decision (FID), Central is now focussed on new growth targets from within its existing tenements which cover over 180,000km² of underexplored and producing basins in the NT and Qld.

The exploration portfolio review has enabled the definition of a highly attractive CY2020 exploration drilling campaign, as well as providing the background analysis for a longer term and potentially transformational exploration programme beyond CY2020, the details of which are subject to ongoing further definition and play-based geological interpretation.

The CY2020 exploration programme consists of five high-graded drillable targets and two appraisal tests that range from low to moderate-risk opportunities with compelling investment justifications, including rapid commercialisation, attractive brownfield economics, proximity to existing infrastructure, and drill-ready in CY2020. Key attributes include:

- a) Permits generally held 100% by Central, thus limiting any Joint Venture approval delays;
- b) Located outside of any designated "No-Go zones" recently introduced by the Northern Territory Government;
- c) Drill-ready with no additional seismic acquisition required;
- d) Generally in proximity to existing production assets for efficient commercialisation and low-cost, high margin brownfield economics;
- e) Better data coverage and relatively lower exploration risk compared to Central's wider portfolio; and
- f) Capable of completion in CY2020.

The CY2020 exploration programme targets natural fractures within conventional formations. No artificial stimulation (hydraulic fracturing) is proposed for this exploration programme.

CY2020 Exploration Programme Target Summary

- 1) **Dingo Deep:** Vertical well targeting the untested Pioneer reservoir intervals beneath the currently producing Arumbera level. Exploration risk is reduced with an anticlinal structure clearly evident on seismic and charge demonstrated in the overlying Arumbera level. Access to existing Dingo production facilities allows for lower-cost brownfield economics. In addition, the well provides a low-risk opportunity to accelerate production from the currently producing Arumbera Formation through a horizontal sidetrack.
- 2) **Orange-3:** Vertical well targeting the Arumbera and Pioneer Formations in a large (112km²) anticline, 30km northwest of the Dingo gas field and adjacent to the current Dingo gas pipeline. The Arumbera Formation is the formation currently producing at the Dingo gas field. The Pioneer Formation is the formation targeted by the proposed Dingo Deep well (above). Exploration risk is reduced by Orange-2, a vertical well drilled in 1982 that flowed gas to surface on DST at 0.4 mmscf/d from the Arumbera Formation. Orange-1, drilled in 1967 did not penetrate the gas bearing basal Arumbera Sandstones. Modern

air drilling techniques and deviated well design to intersect natural fractures could unlock this large proven gas accumulation at multiple levels. Access to existing Dingo production facilities allows for lower-cost brownfield economics.

- 3) **Palm Valley Deep:** Targeting the deeper untested Arumbera Formation in the Palm Valley field (same productive interval as Dingo). The well location is already cleared and within an existing Production License. Access to existing Palm Valley production facilities allows for lower-cost brownfield economics. The well also provides a lower-risk opportunity to accelerate production from the currently producing Pacoota Formation through a horizontal sidetrack.
- 4) **Palm Valley West:** Vertical slim-hole well targeting the Pacoota Formation in a significant structure recognised on satellite data located 15km west and on the same fold axis as the producing Palm Valley field. The Pacoota Formation is the same formation currently producing at Palm Valley. Exploration risk will be further reduced at low cost through field mapping instead of more expensive seismic acquisition. Access to existing Palm Valley production facilities allows for lower-cost brownfield economics.
- 5) **Mamlambo:** Vertical slim-hole well targeting a large oil prospect located in L6, approximately 8km to the north-east of the Surprise oil field. The primary objective at Mamlambo is the Pacoota Sandstone with secondary objectives in the Lower Stairway Sandstone. The Lower Stairway Sandstone is the productive interval at Surprise. Mamlambo is currently defined by twelve 2D seismic lines which indicates a structure in the order of 6.5 km². Although the target is not close to any currently producing assets, the size of the potential resource could facilitate development of a micro-refinery for product sales throughout the NT with significantly lower transportation costs and higher sale margins.
- 6) **Mereenie Stairway Appraisal:** The Stairway Formation has not traditionally been targeted in the Mereenie Field as a primary gas target with most drilling to date focussed on producing oil from the oil rim of the field. Using existing well penetrations at Mereenie, up to two wells will be perforated to test high fracture density in areas with prior Stairway gas shows that indicate low mineralisation risk. Approximately 60% of the Mereenie 2C contingent resource is attributed to the Stairway Formation (54 PJs net to Central). Successful appraisal will convert a portion of this contingent 2C resource into reserves and facilitate further conversion of 2C resources to reserves through further development activity. The Stairway appraisal programme will be subject to final Mereenie JV approval. Access to existing Mereenie production facilities allows for lower-cost brownfield economics.

Figure 1: Location of prospects for CY2020 exploration programme

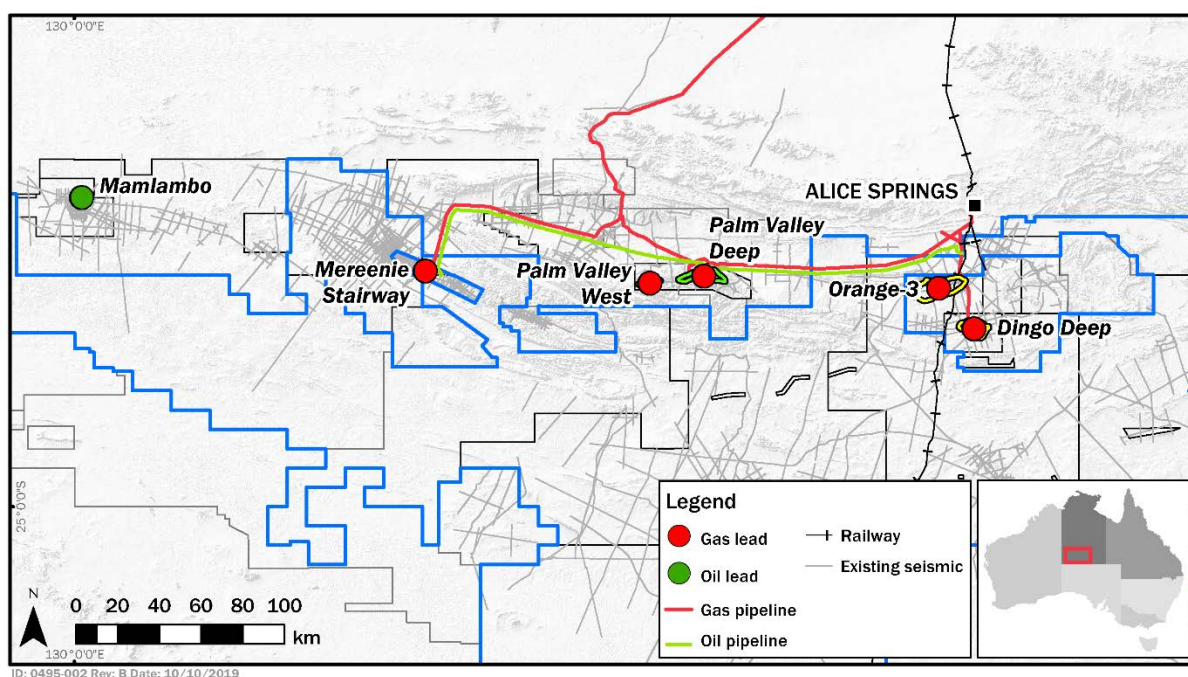


Table 1: Summary of exploration prospects and volumes (prospective resource)

Lead / Prospect	Target	Depth (mMD)	Permit	Permit Interest	Low Estimate P90 Recoverable (PJ)	Best Estimate P50 Recoverable (PJ)	High Estimate P10 Recoverable (PJ)	Mean Recoverable (PJ)
Dingo Deep	Pioneer	3600	L7	100%	13	41	135	63
Orange-3	Arumbera	2800	EP82(DSA)	100%	17	81	296	131
	Pioneer	3500	EP82(DSA)	100%	23	84	275	129
Palm Valley Deep	Arumbera	3600	OL3	100%	17	80	299	131
Palm Valley West	Pacoota	1900	OL3	100%	7	35	114	51
Aggregate gas						321		505
Oil prospects					(mmbbl)	(mmbbl)	(mmbbl)	(mmbbl)
Mamlambo	Pacoota	1500	L6	100%	7	24	60	29

Table 2: Summary of Stairway Appraisal gas opportunity at Mereenie

Appraisal target	Target	Permit	Permit Interest	2C Recoverable (PJ)
Mereenie Stairway	Stairway	OL4/5	50%	54 (Net to Central)

Volumes presented in table 1 represent the unrisks recoverable volumes derived from monte carlo probabilistic volumetric analysis for each prospect. Inputs required for these analyses have been derived from offset wells and fields relevant to each play and field. Recovery factors used have been derived from analogous field production data.

Cautionary statement: the estimated quantities of petroleum that may *potentially be recovered* by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of

development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

The CY 2020 exploration program is estimated to have a total cost of \$51 million and an aggregated best estimate (P50) prospective resource of up to 321 PJ of gas (205 PJ risked) and 24 mmbbl of oil (9.5 mmbbl risked). In addition, a successful Mereenie Stairway programme could convert some of the 54PJ of gas currently held as 2C contingent resource to reserves.

Risked recoverable volumes has been derived by using the geological chance of success for each individual prospect and multiplying the mean recoverable volume and aggregating the result.

Targets not included in the CY2020 Exploration Programme

Based on our updated portfolio review and analysis, the Ooraminna-3 well was not as compelling on a risk-return basis as the competing CY2020 exploration targets above. As a result, the Ooraminna-3 well will not be drilled prior to the March 2020 commitment deadline. Central will seek an extension to the permit to allow for further work to be conducted to improve the risk/return dynamics. If the extension is granted, the Ooraminna prospect will be included into the package of assets available to farminees.

The Dukas-1 well was not considered as part of Central's updated portfolio review. Central will advise the market as to the Dukas-1 forward plan as soon as it has been fully considered and approved by the JV with Santos. Central is seeking to have a Dukas-1 forward plan defined and announced within the next few weeks.

The Amadeus Basin is an extensive underexplored basin with five working hydrocarbon systems demonstrating proven oil and gas production. Central have identified many less-mature, but potentially company-changing, oil and gas prospects throughout the basin. Work has been progressing on a play-based basin map that will enable the Company to mature these opportunities into drillable prospects with much better technical understanding and focus. The play-based mapping of these prospects, including potential Dukas "look-a-likes", will be completed in early 2020, allowing opportunities to be graded and prioritised. Central will present the results of this analysis and longer-term exploration strategies once finalised in early CY2020.

Exploration Programme to be fully funded by farmout

Central plans to fully fund the CY2020 exploration programme through a formal farmout process. Central's current operating assets at Mereenie, Palm Valley, and Dingo have all benefitted from recent access to the east coast gas market via the NGP. This catalyst has generated an uplift in asset value that could be released efficiently through a sell-down. The key parameters for such divestment are anticipated to include:

- Central to retain a majority interest;
- Central to remain as operator; and
- Attract a fully aligned JV partner with financial and technical capacity.

Based on indicative discussions and market approaches to date, combining a sell-down of operating assets with a farmout of the CY2020 exploration programme could generate significant interest from the market and allow Central to fully fund the CY2020 exploration programme and make a substantial debt repayment. Releasing asset level equity in this way

could be more value-accretive for shareholders than other funding alternatives for this purpose. Additionally, it effectively shares exploration risk with other parties as previously achieved through the Santos and Incitec joint ventures.

Central will run a formal sell-down/farmout process to progress this opportunity with a target completion around mid-2020. During this process, Central will progress the CY2020 exploration programme with respect to all critical path activities, including well design, environmental management plans, procuring long lead items, and seeking all necessary regulatory approvals in order to allow for drilling activity within CY2020.

Further Detail

The CY2020 exploration programme will be presented in more detail next week.

Qualified petroleum reserves and resources evaluator statement

The information contained in this report regarding the Central Petroleum prospective resources is based on, and fairly represents, information and supporting documentation reviewed by Mr Kevan Quammie who is a full-time employee of Central Petroleum holding the position of Development & Appraisal Manager. Mr Quammie holds an M.Sc. Petroleum and Natural Gas Engineering from the Pennsylvania State University, is a member in good standing of the Society of Petroleum Engineers, is qualified in accordance with ASX listing rule 5.41 and has consented to the inclusion of this information in the form and context in which it appears.

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