

12 June 2019

UPDATE ON PALM VALLEY FIELD PERFORMANCE & RESERVES

Central Petroleum Limited (ASX:CTP) (“Company” or “Central”) advises that it has completed a review of the Palm Valley field performance. Since restarting production, the existing Palm Valley wells have underperformed relative to pre-start expectations. Consequently, a comprehensive and independent reservoir modelling study was commissioned to update the life-of-field production forecasts. This has resulted in revised estimates for the field Reserves and Resources as shown in the table below.

Palm Valley Reserves & Contingent Resources (CTP Share, Gas)	Prior Figures* As at 30/6/18 (PJs)	Updated Estimate As at 30/6/18 (PJs)	Adjustment As at 30/6/18 (PJs)	Production 1/7/18 - 31/5/19 (PJs)	Updated Estimate As at 31/5/19 (PJs)
1P	24.2	20.4	(3.8)	1.7	18.8
2P	42.0	27.8	(14.2)	1.7	26.1
3P	58.4	32.6	(25.7)	1.7	30.9
2C	not stated	13.6	13.6	-	13.6

* published on 13 November 2018

The main driver for the adjustment is that the extended shut-in and recent production performance following the restart indicates that there is a lesser contribution from the low permeability portions of the reservoir. It is worth noting that the 2P reduction has been reclassified as 2C. These volumes are now contingent on economically viable projects to restart existing wells and install additional compression.

The adjustment to Palm Valley reserves results in an 8.4% reduction in Central’s total 2P gas reserves as at 30 June 2018 to 154.5 PJs and will not impact on Central’s ability to meet current firm sales obligations. With no further development, the Palm Valley field is expected to decline from around 12.5 TJ/d to around 5 to 7 TJ/d after two years, and then slowly decline thereafter. To offset this decline and better utilise Palm Valley’s production facilities, Central intends to investigate options to convert 2C into 2P and review additional Palm Valley drilling opportunities to further increase total field reserves.

Strong current production from Mereenie along with potential future increases in Mereenie production (under the Gas Acceleration Plan (GAP) Phase 2) and Dingo production could also help to maintain Central’s portfolio-wide production plateau over time.

QUALIFIED PETROLEUM RESERVES AND RESOURCE EVALUATOR REQUIREMENTS

The reserves and resources information in this Central Petroleum Limited Australian Securities Exchange (“ASX”) document relating to the Palm Valley Field are based on, and fairly represent information and supporting documentation reviewed by Mr. Kevan Quammie who is a full-time employee of Central Petroleum Limited holding the position of Development and 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 and is qualified in accordance with ASX listing rule 5.41.

NOTES

1. The referenced petroleum reserves and contingent resources estimates have been prepared in accordance with the 2018 Petroleum Resources Management System (“2018 PRMS”) approved by the Society of Petroleum Engineers.
2. Unless otherwise stated, all references to Central's petroleum reserves and contingent resources quantities in this document are Central's net share.
3. The petroleum reserves and contingent resources in this document have been estimated using deterministic methods. The estimates of petroleum reserves and contingent resources herein have not been adjusted for risk.
4. The reserves and contingent resources shown in this document are estimates only and should not be construed as exact quantities. Estimates may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance.
5. Information on petroleum reserves and contingent resources quoted in this release is rounded to the nearest tenth. Some totals in the tables may not add due to rounding.
6. Specific details in relation to the estimation of Reserves and Resources for Palm Valley are as follows:
 - a. Gas pricing is based on contracted gas prices and a reasonable expectation of future gas prices based on forecast market conditions.
 - b. Palm Valley is operated by Central.
 - c. The Palm Valley permit is PL3, a production licence issued by the Northern Territory Government.
 - d. The reference point for the measurement of Reserves and Resources is at the outlet of the Palm Valley Gas Plant.
 - e. Reserves are those quantities of petroleum anticipated to be commercially recoverable by the application of development projects to known accumulations from a given date forward under defined conditions.
 - f. All Reserves are developed (estimated to be recovered from existing wells and facilities).
 - g. Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable, contingent on further engineering evaluations to demonstrate economically viable projects to restart existing wells and install additional compression.
 - h. The analytical procedures for the estimation of Reserves and Resources are based on dynamic reservoir simulation matched to historic data.
 - i. The extraction method is via the Palm Valley Gas Plant which includes compression and dehydration.

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