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ASX CODE: CTP

ANNOUNCEMENT AND MEDIA RELEASE

Central Petroleum

8 October 2015

CENTRAL COMMENCES NEGI PROGRAM OF SALES AND RESERVES CERTIFICATION

Central Petroleum Limited ("Central") has entered into expression of interest negotiations ("EOI") with gas purchasers which, if converted into Gas Sales Agreements ("GSA"), would result in new firm gas sales of around 12 PJ per year for 10 years from FY 2018/19 into the Eastern Seaboard Domestic Gas Market.

The gas supply EOIs include provision for tariffs to be charged by the Northern Territory gas pipeline interconnect (North East Gas Interconnector "NEGI"). We understand all four short listed builder/owner/operators have submitted final bids, with the Territory Government due to announce the successful tenderer this month.

Central is in discussion with each of the bidders including tariffs available to Central should they win the NEGI bid. This will enable Central to finalise potential supply and transportation agreements, and for the pipeline bidders to confirm the gas supply necessary to underpin the NEGI pipeline.

Central's Managing Director and CEO, Richard Cottee, said negotiations showed all four pipeline bidders to be surprisingly competitive with proposed tariffs at the low-end of Central's expectations and very economic.

"Using the indicative gas pricing of our EOIs and the NEGI pipeline tariffs indicated by the bidders, Central can expect increased revenues ex field well in excess of $500 million over 10 years. These gas sales can be delivered from our existing facilities meaning the revenue should largely fall straight to the bottom line (EBITDA)."

"To enable Central to be in a position to execute binding GSAs as soon as possible after the announcement of the NEGI preferred bidder, Central has already initiated work including seeking all necessary regulatory approvals to commence a work-over programme by the middle of this month to pressure and flow test targeted gas prone wells."

"Re-evaluation of existing information has been extremely encouraging. Central has now increased its target of total reserves at Mereenie to 420 PJ; a 50% increase since Central's original target of 280 PJ was announced on 4 June 2015. Should this target be achieved, Central's firm gas sales into the NEGI pipeline could substantially increase from the volumes currently being marketed. Together with new testing, we expect to be in a position to appoint our reserve certifier by around the middle of this month to efficiently process the new data as soon as it is obtained", Mr Cottee said.

Mereenie is operated by Central and Central has a joint venture interest of 50%. Central also owns (100%) and operates the Palm Valley and Dingo fields which also may supply into the NEGI pipeline.

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