



16 November 2015

Dear fellow shareholders

CENTRAL PETROLEUM STRATEGY AND SHARE PURCHASE PLAN

This November marks the coming together of our strategy adopted in the last quarter of 2013 to pivot the Company away from an anticipated softening in crude oil prices and towards exposure to a domestic gas market facing serious short supply. By April 2014 the Company had acquired the Palm Valley and Dingo Gas Fields. In April 2015 we had completed the development of the Dingo Gas Field and 50km gas pipeline into Brewer Estate. In June 2015 we announced the acquisition of a 50% interest in and Operatorship of the Mereenie Oil and Gas Field.

In parallel with the acquisition of these conventional operating gas fields, we began a campaign to cause a gas pipeline to be built to connect the Northern Territory to the Eastern States market. This concept – the North East Gas Interconnect (NEGI) - was endorsed by the Council of Australian Governments (COAG) in October 2014 and the winning bidder should be announced in mid-November.

The NEGI pipeline approval will directly connect Central's gas prone acreage with the in-demand eastern domestic gas market. It will enable us to make direct gas sales agreements with commercial and industrial gas users. Further, we expect the market to re-rate our vast acreage in the Northern Territory which will be directly connected to the market, regardless of the route selected. The announcement of NEGI marks the

successful execution of Central's transition to becoming a predominately domestic gas producer.

To advance our program, the company has announced a successful placement of \$10.5 million to institutions. Consistent with my undertaking at the last two Annual General Meetings, ordinary shareholders, whose existence is so vital to the company's independence and wealth creation, will be offered the chance to participate. This SPP is capped and priced at the same amount as the recent placement. If only 8% of current shareholders elect to participate to the maximum of their entitlement, the \$10.5 million will be raised. If more than \$10.5 is committed, the company will scale-back shareholders pro-rata (alternatively the company has the option of closing the SPP once the \$10.5 million is raised).

Central already has more than 120PJs of gas ready to sell through the NEGI pipeline with a gross sales contract value anticipated to be over \$500 million over the next 10 years. We are confident, however, that with some limited expenditure on appraisal testing and reservoir modelling, the Company will be able to demonstrate that significantly more gas is available to provide for the long term supply of users in the East Coast domestic market.

The additional funds are aimed at maximising our reserves in the next 2 years so that Central is in a position to fill the NEGI pipeline by the time of first gas. In addition, given the gas shortage in the Eastern States and the value uplift occasioned by having access to those markets, it is always prudent to have some cash in reserve to enable the Company to negotiate from a position not of financial vulnerability but financial independence.

Our strategy to date has moved the Company from being 100% dependent on oil pricing in the first quarter of 2014 to a position in the last quarter where approximately 70% of our revenues are derived from domestic gas sales. What an exciting future your company now has. I hope you feel inclined to participate in this SPP.

Yours sincerely
Central Petroleum Limited

A handwritten signature in blue ink, appearing to read 'R Cottee', is positioned above the printed name and title.

Richard Cottee
Managing Director

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