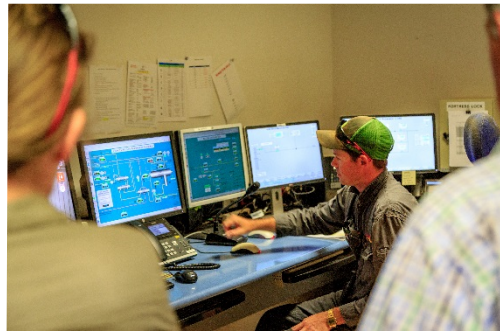
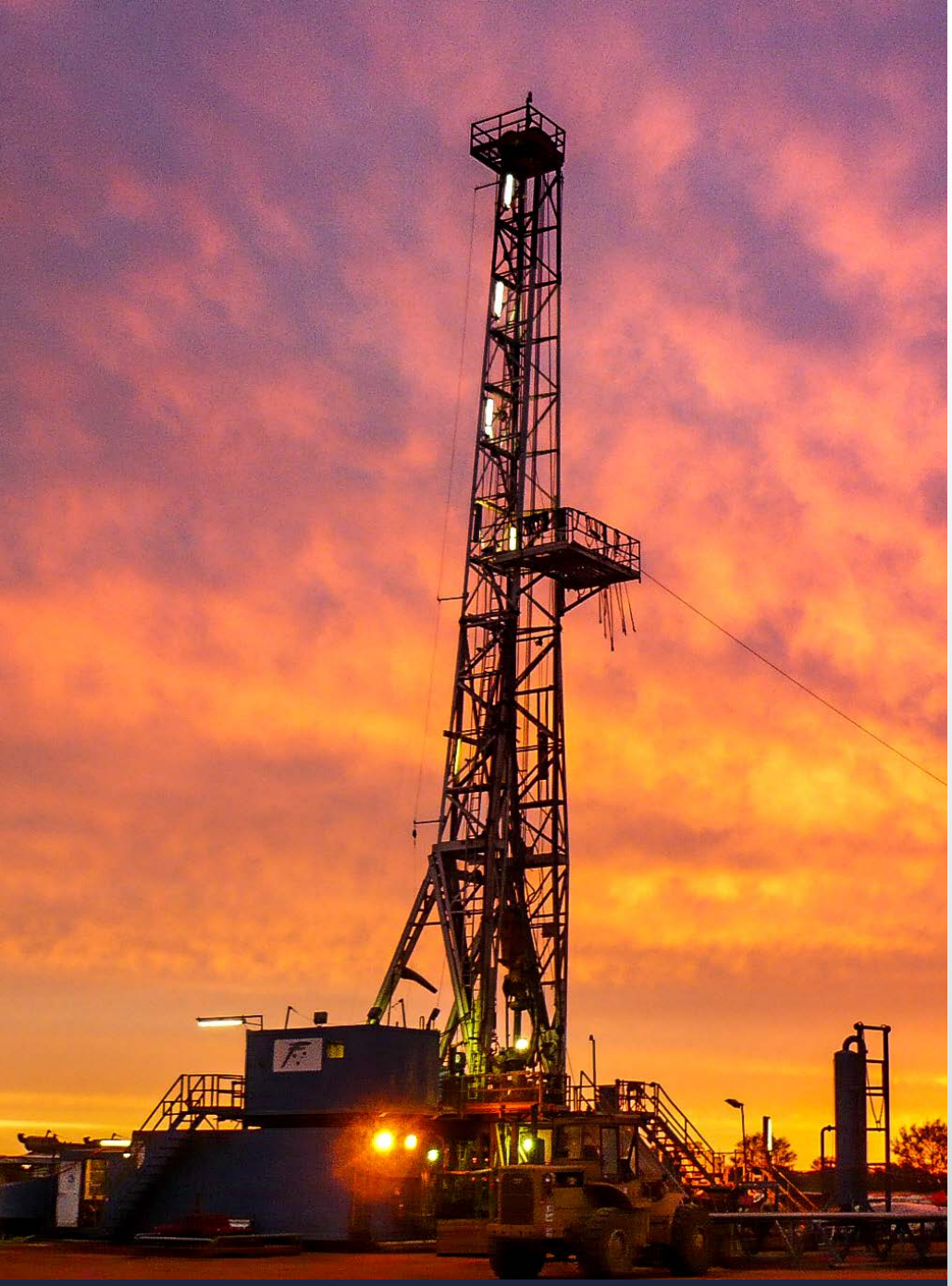


Investor Presentation

Blue Ocean Energy Day - 26 March 2019

Central Petroleum Limited (ASX:CTP)

Central Petroleum

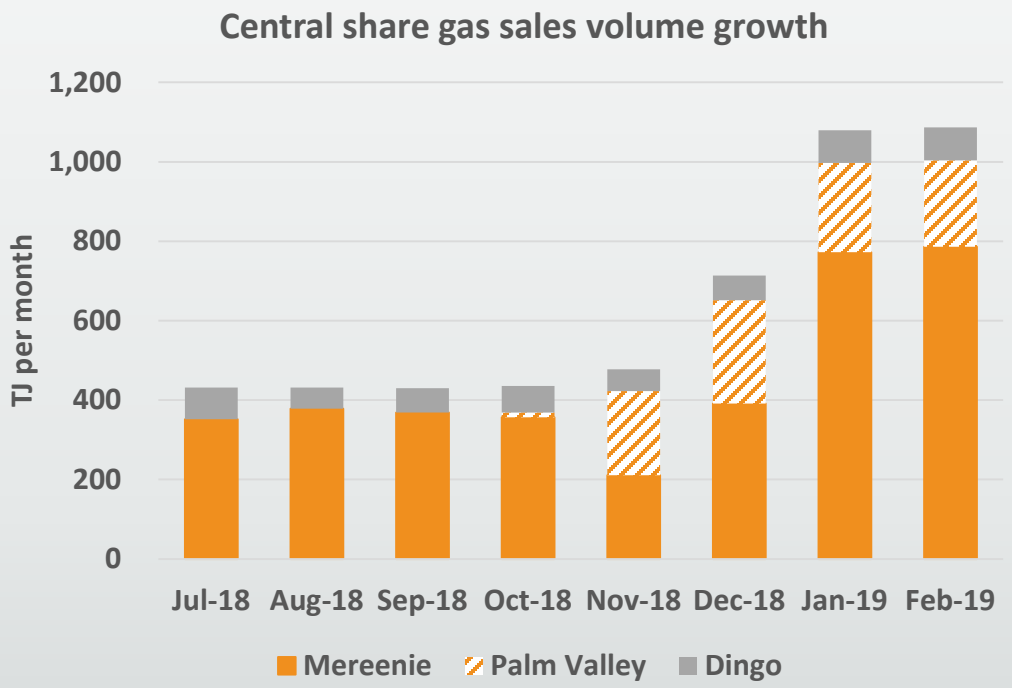


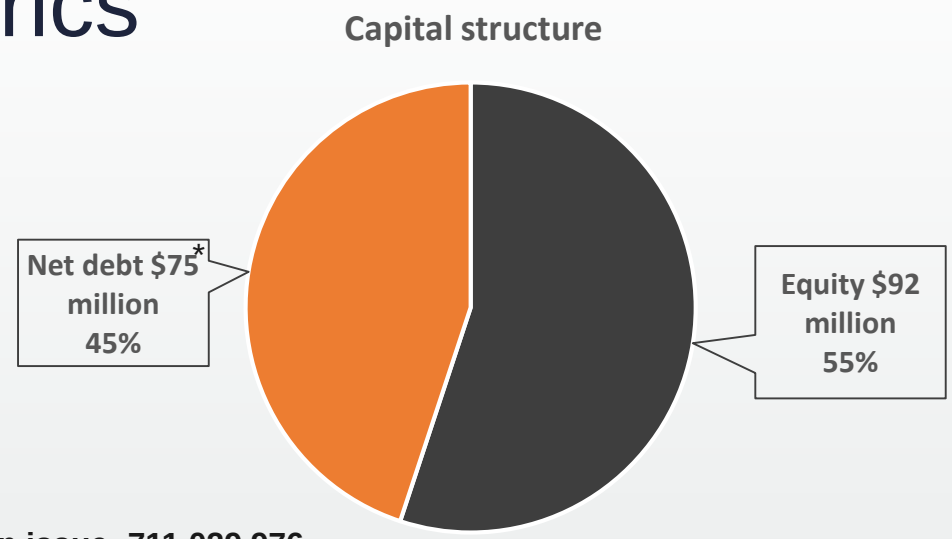
Company snapshot

- Listed Australian company (ASX:CTP)
- Growing oil & gas producer
- Recent connection to east coast gas markets (January 2019)
- Upgraded production facilities (over 40TJ/d capacity)
- 2 free-carry exploration drilling programmes
- Significant under-explored acreage position
- Transformational change driving opportunity

Company snapshot – key metrics

Reserves**	Unit	1P	2P	3P
Gas	PJ	134	169	205
Oil	MMBBL	0.78	0.97	1.15

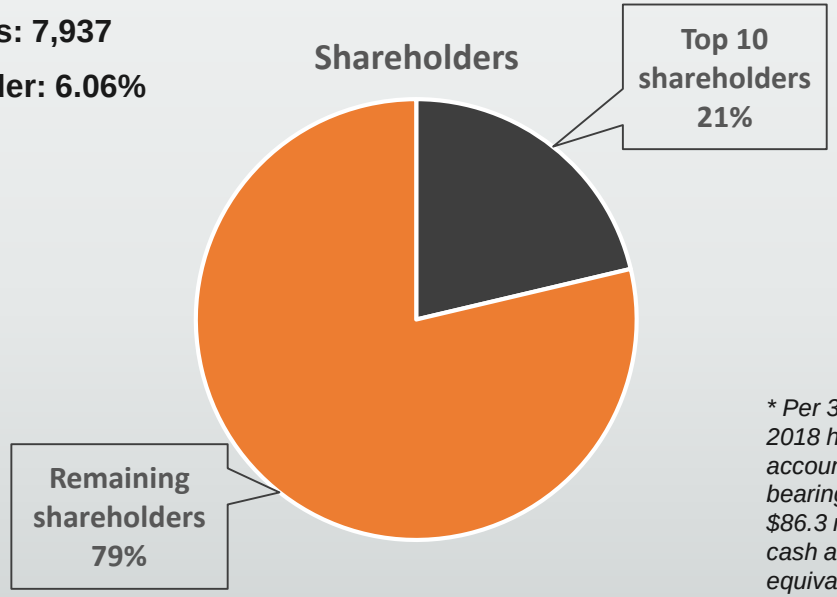




Total shares on issue: 711,029,976

Total shareholders: 7,937

Largest shareholder: 6.06%



** Per 31 December 2018 half-year accounts: interest bearing liabilities $86.3 million less cash and cash equivalents $10.9 million*

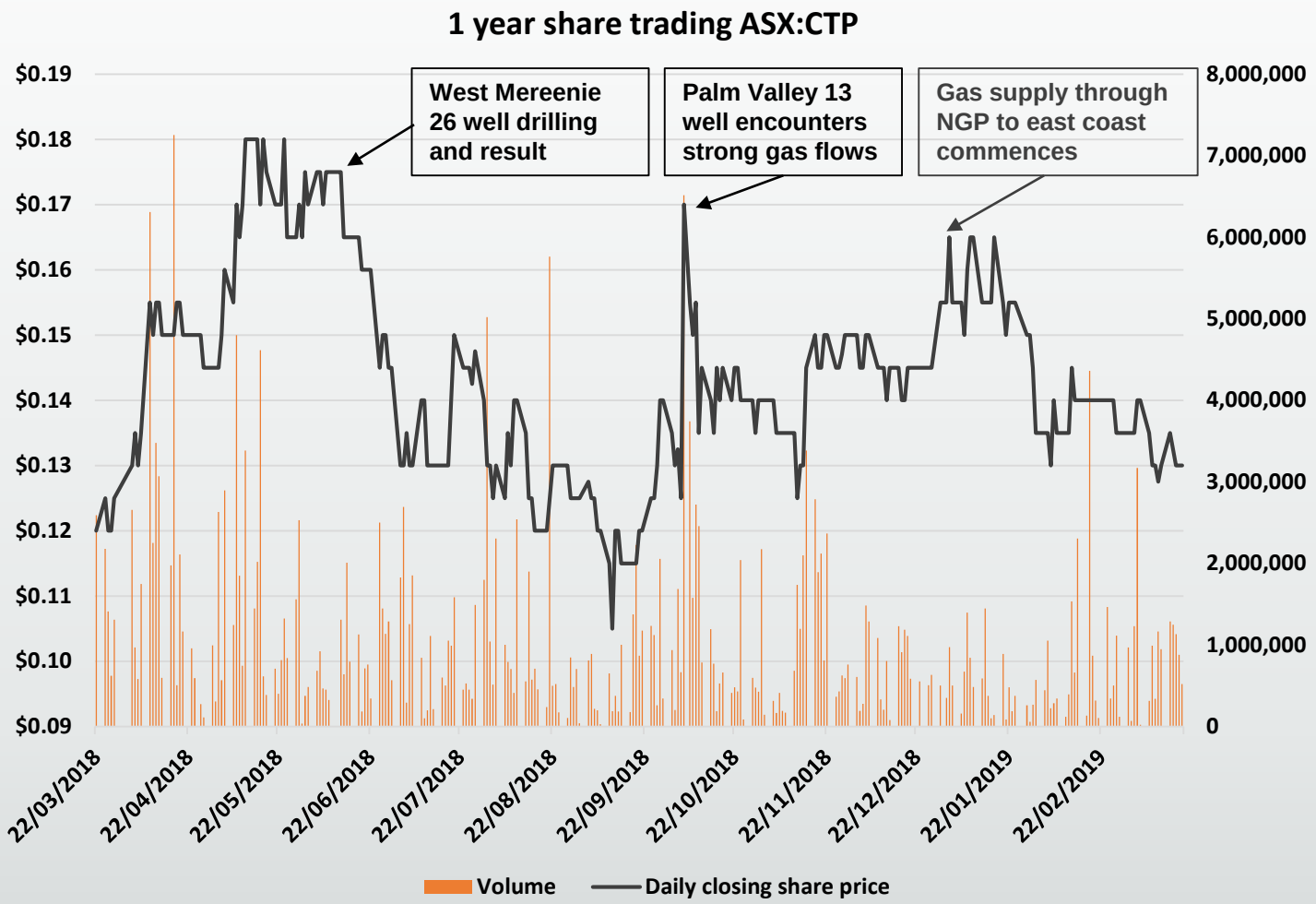
** * Net to Central Petroleum as at 30 June 2018, PJs rounded to nearest full PJ. These reserves were first reported to the market on 13 November 2018 in accordance with the requirements of Listing Rules 5.41 and 5.42. Central Petroleum Limited is not aware of any new information or data that materially affects the information included in this presentation and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.*

Company snapshot – transformational change

2 March 2006	31 March 2014	1 September 2015	November 2016 - June 2017	August 2017	November 2018	3 January 2019
Listed on the Australian Stock Exchange (ASX)	Acquired Palm Valley and Dingo Gas Fields	Acquired 50% stake in Mereenie Gas Field from Santos	Macquarie bid of $96 million ($0.21 per share) for Central not successful	Raised $25 million in equity to prepare Central for increased production on connection to the east coast gas market	Completed Gas Acceleration Programme (GAP) to provide increased production on connection to the east coast gas market	Commenced sales to east coast through NGP with sales volume up 260% in the first 2 months post NGP

Company snapshot – share trading

- Share price13 cents (22 March 2019)
- Traded between 10.5 and 18 cents for the last year*
- Average trading volume of 1,083k shares per day for the last year*



Source: Company analysis

** to 21 March 2019*

Company snapshot – top 20 shareholders 22 March 2019

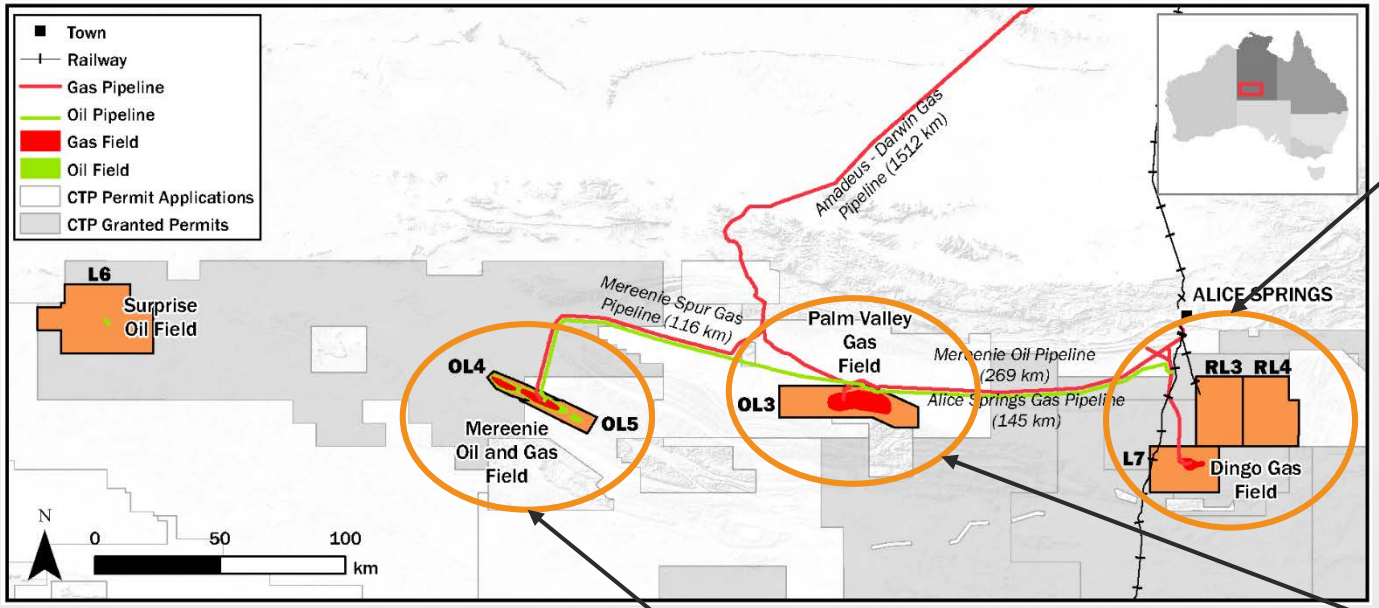
	Name	Shares	%
1	UBS NOMINEES PTY LTD	31,451,500	4.42%
2	MR CHRISTOPHER IAN WALLIN + MS FIONA KAY MCLOUGHLIN + MRS SYLVIA FAY BHATIA <CHRIS WALLIN SUPER FUND A/C>	17,571,648	2.47%
3	FANCHEL PTY LTD	16,392,081	2.31%
4	ROCKET SCIENCE PTY LTD <THE TROJAN CAPITAL FUND A/C>	15,800,000	2.22%
5	CITICORP NOMINEES PTY LIMITED	14,466,605	2.03%
6	MACQUARIE BANK LIMITED <METALS MINING AND AG A/C>	14,166,667	1.99%
7	NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>	12,200,000	1.72%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,593,756	1.49%
9	TELUNAPA PTY LTD <TELUNAPA CAPITAL A/C>	10,541,667	1.48%
10	KENSINGTON CAPITAL PARTNERS PTY LTD	8,400,000	1.18%
11	SAFARI CAPITAL PTY LTD	8,384,967	1.18%
12	JH NOMINEES AUSTRALIA PTY LTD <HARRY FAMILY SUPER FUND A/C>	6,700,000	0.94%
13	BRAZIL FARMING PTY LTD	5,300,000	0.75%
14	MR JAMES DONALD BRUCE COCHRANE + MRS JOAN ELIZABETH COCHRANE <BRUCE & JOAN COCHRANE A/C>	5,000,001	0.70%
15	CHEMBANK PTY LIMITED <R T UNIT A/C>	5,000,000	0.70%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,786,666	0.67%
17	EDWIN HOLDINGS PTY LTD	4,604,167	0.65%
18	JUSTWRIGHT INVESTMENTS PTY LTD <JUSTWRIGHT SUPER FUND A/C>	4,500,000	0.63%
19	MR DONALD LEONARD COTTEE	4,408,859	0.62%
20	CHEMBANK PTY LIMITED <PHILANDRON ACCOUNT>	4,000,000	0.56%
Totals: Top 20 holders of ORDINARY SHARES		**204,268,584**	**28.73%**
Total Remaining Holders Balance		**506,761,392**	**71.27%**

- *Total shares on issue: 711,029,976. Total shareholders: 7,937*
- *The single largest shareholder has 6.06% of shares on issue = 43,100,000 shares*

Assets

Production and exploration portfolio

NT operating assets



Dingo gas field 38PJ 2P*

- Acquired in 2014 with Palm Valley
- Completed surface facilities and 50km pipeline
- Current capacity of 5TJ/d
- Supplies direct to Owen Springs Power Station

Palm Valley gas field 42PJ 2P*

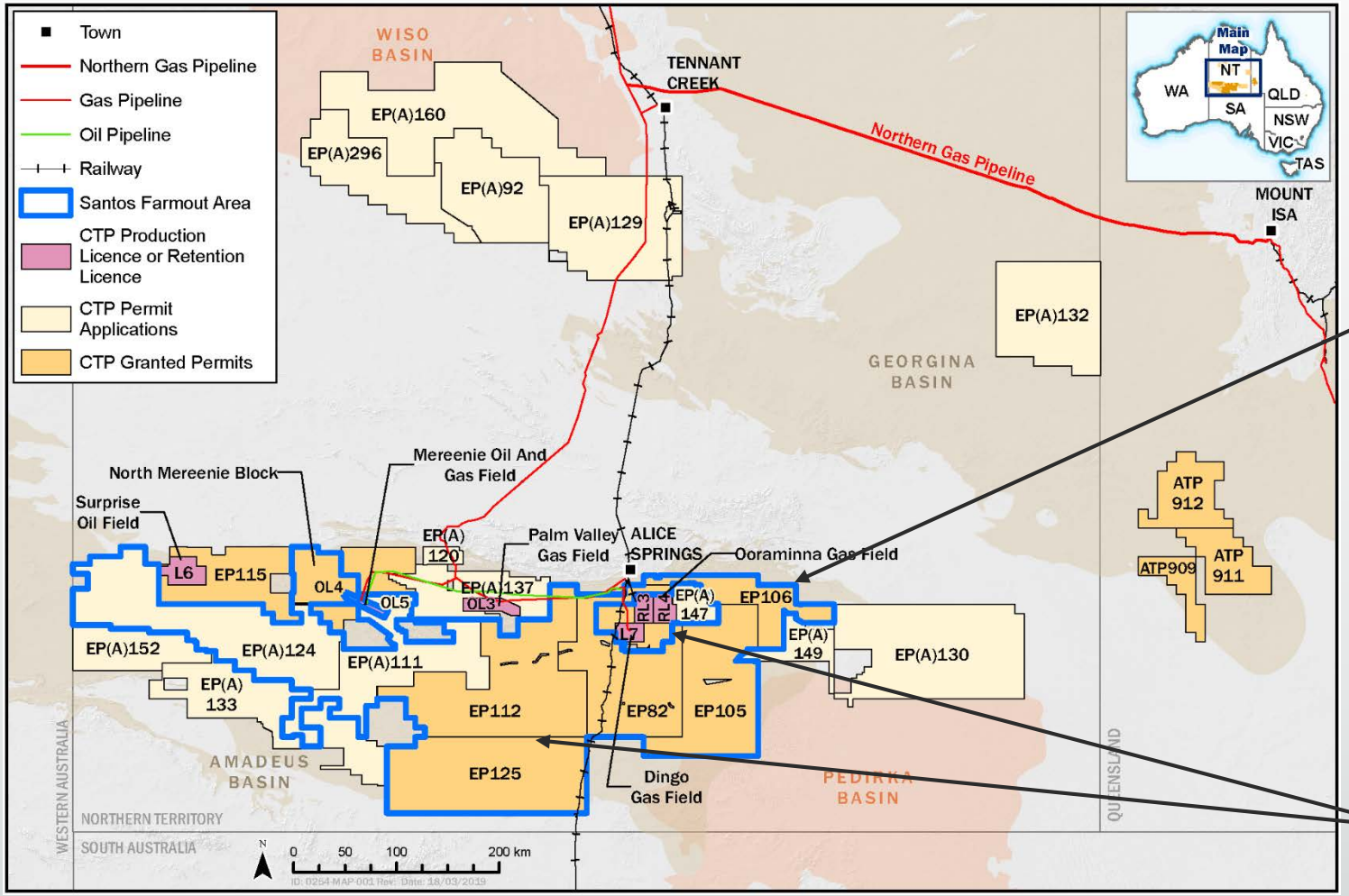
- Acquired in 2014 before NGP was announced
- Previously shut-in due to NT market constraints
- Refurbished and restarted to installed capacity of 15TJ/d

Mereenie oil & gas field (50%) 89PJ 2P*

- Acquired in 2015 from Santos after oil price collapse
- Facility upgraded to installed capacity of 22TJ/d (Phase 1 firm)

** Net to Central Petroleum as at 30 June 2018. These reserves were first reported to the market on 13 November 2018 in accordance with the requirements of Listing Rules 5.41 and 5.42. Central Petroleum Limited is not aware of any new information or data that materially affects the information included in this presentation and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.*

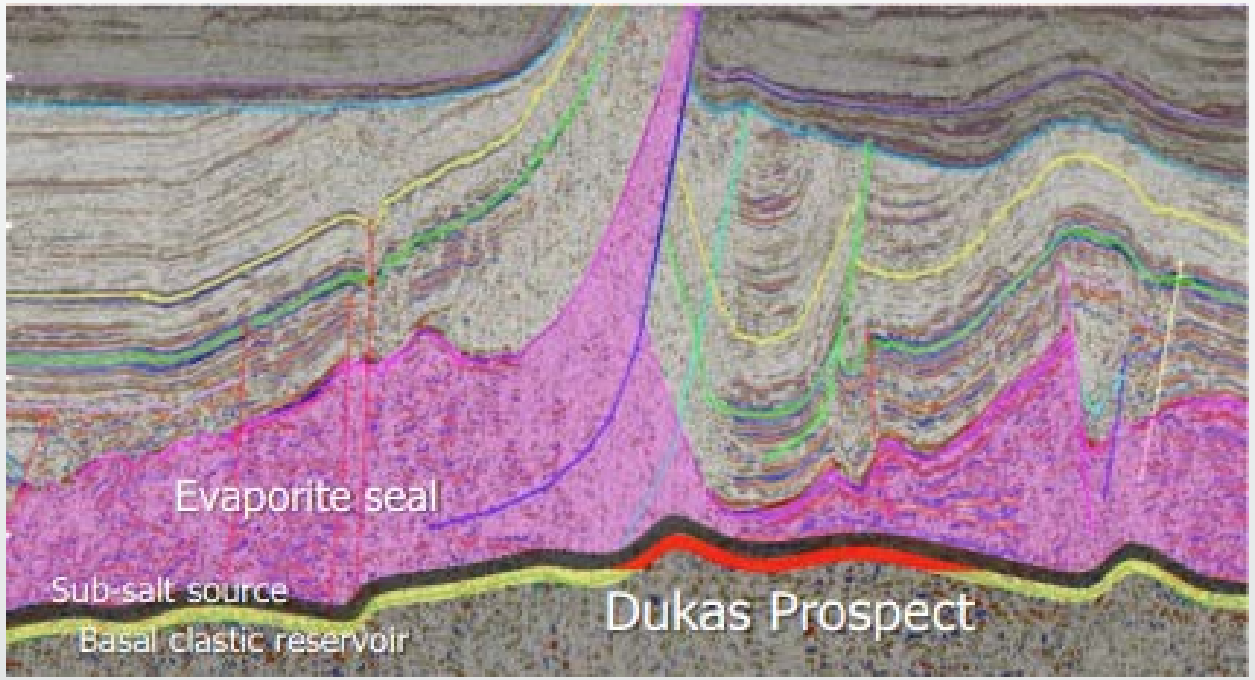
Exploration Portfolio



- Significant exploration footprint, over 200,000km^2
- Mostly gas prone, significantly underexplored
- Blue outline area under farmout with Santos (40% to 70% to Santos at completion), balance is 100% Central
- Southern Amadeus permits surround existing fields so we know the basin can be productive
- Near term exploration/ appraisal targets at Dukas and Ooraminna
- 2

Exploration – Dukas Prospect

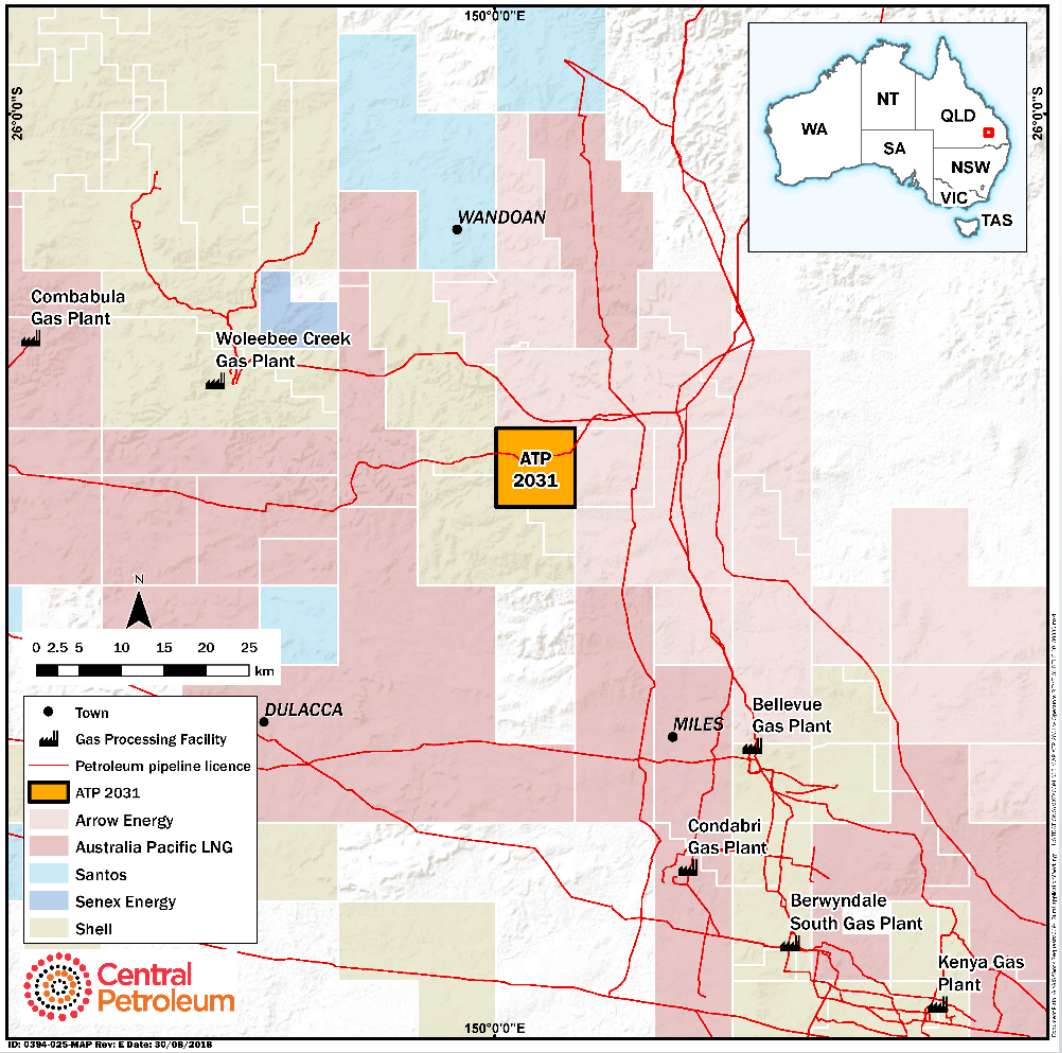
- Frontier sub-salt play with ~520km^2 closure and multi-TCF potential (1TCF = 1,000PJs)
- Exploration well to be drilled in Q2 CY2019 under a free-carry with Santos
- Santos farm-in 70% participating interest in Dukas (EP112)
- Other wells in the Southern Amadeus Basin (Mt Kitty and Magee) have demonstrated a hydrocarbon system exists
- Potential for helium and hydrogen along with natural gas



Source: Santos 2017 and 2018 investor day presentations

Queensland Surat basin CSG – Range Gas Project

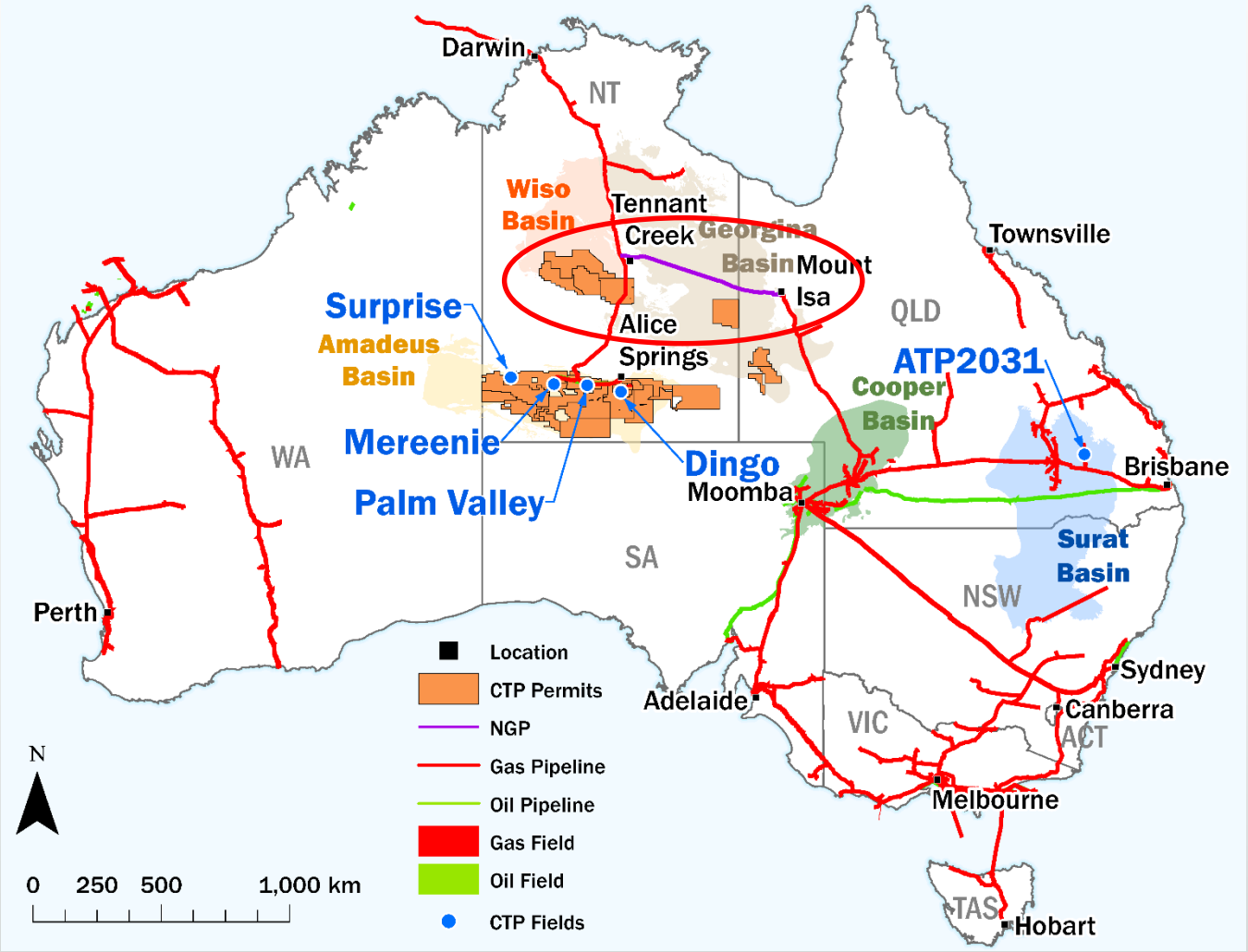
- 77km^2 CSG acreage for Australian domestic gas supply, surrounded by acreage held by Shell, Arrow and APLNG
- Targeting 150-180 PJ potentially recoverable
- Four year programme, comprising exploration wells and a production test pilot – up to $20 million funded by IPL farm-in for 50%
- Expect to commence exploration drill program in April 2019



Transformational Change in Production

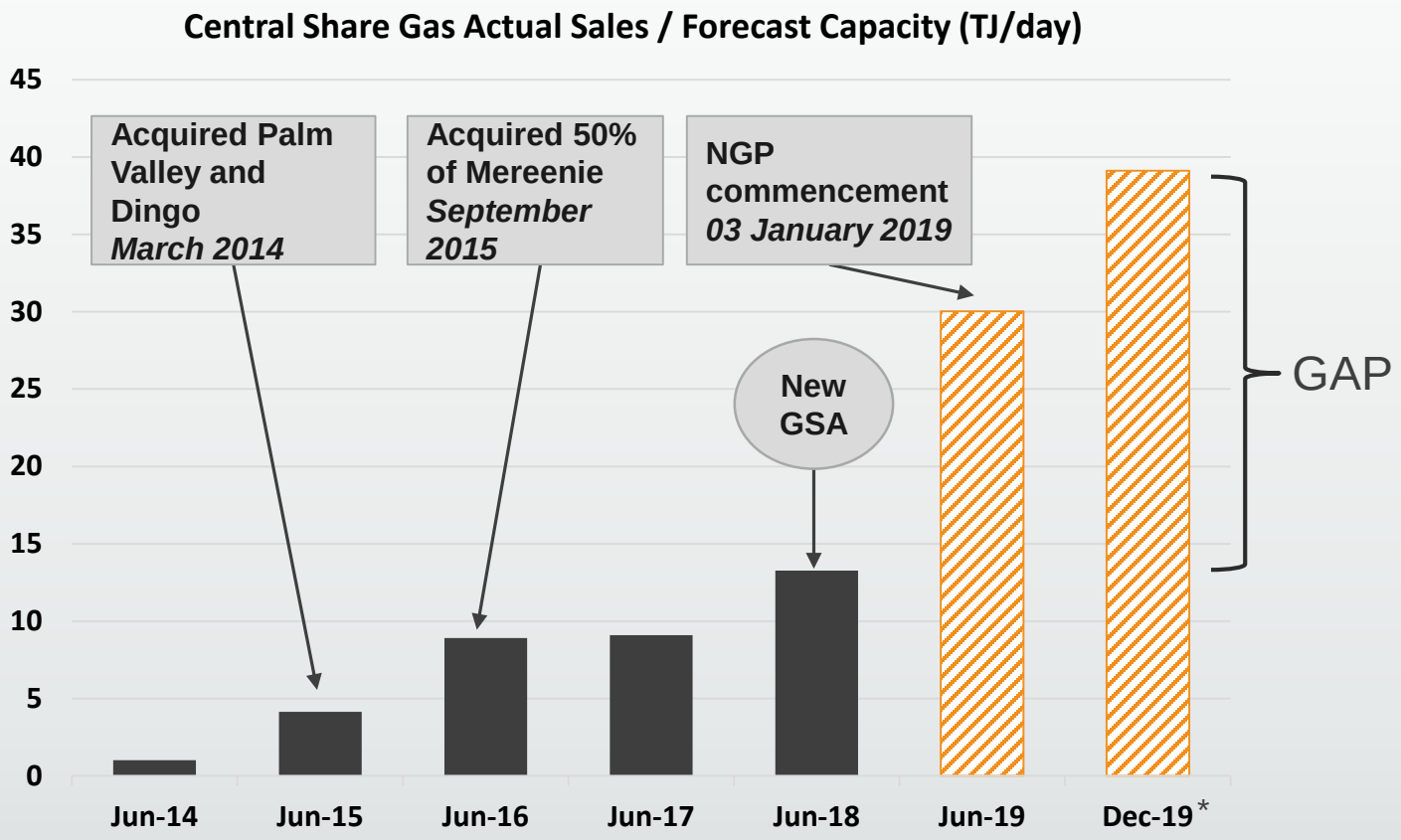
Northern Gas Pipeline (NGP)

- The small NT gas market has been a constraint on Central's growth
- The NT was connected to the east coast market via NGP on 3 January 2019
- The east coast market is large and critically short gas
- The NGP has a capacity of 90TJ/d, with additional capacity by expansion of ~60TJ/d through compression



GAP completed to maximise east coast gas sales

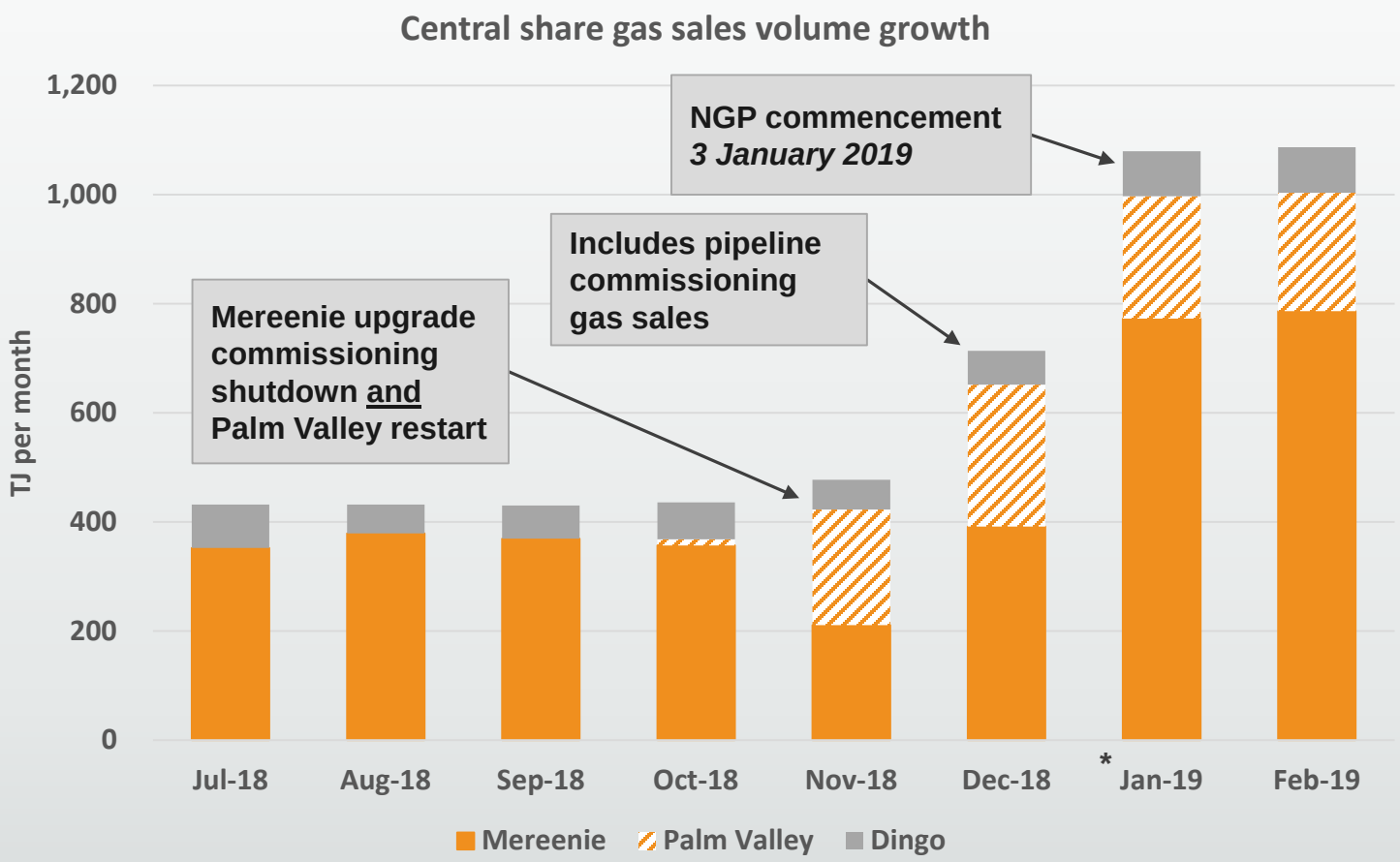
- Brownfield facility projects materially reduce CapEx and OpEx per unit of production going forward
- There is a strong market for 2020+ sales
- Note that not all plant capacity can be sold:
  - plant availability due to planned and unplanned outages
  - buyer permitted interruptions
  - buyer maximum daily quantity (MDQ) flex



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

Gas sales ramp-up activated

- The step change in gas sales at Mereenie and Palm Valley is now visible
- January and February gas sales averaged 37TJ/d (13PJs annualised)
- 90% of sales are under firm contracts and 10% are on a non-firm basis
- $2.8 million EBITDAX in first half of FY2019 - anticipate a significant increase in second half FY2019 EBITDAX through increased sales

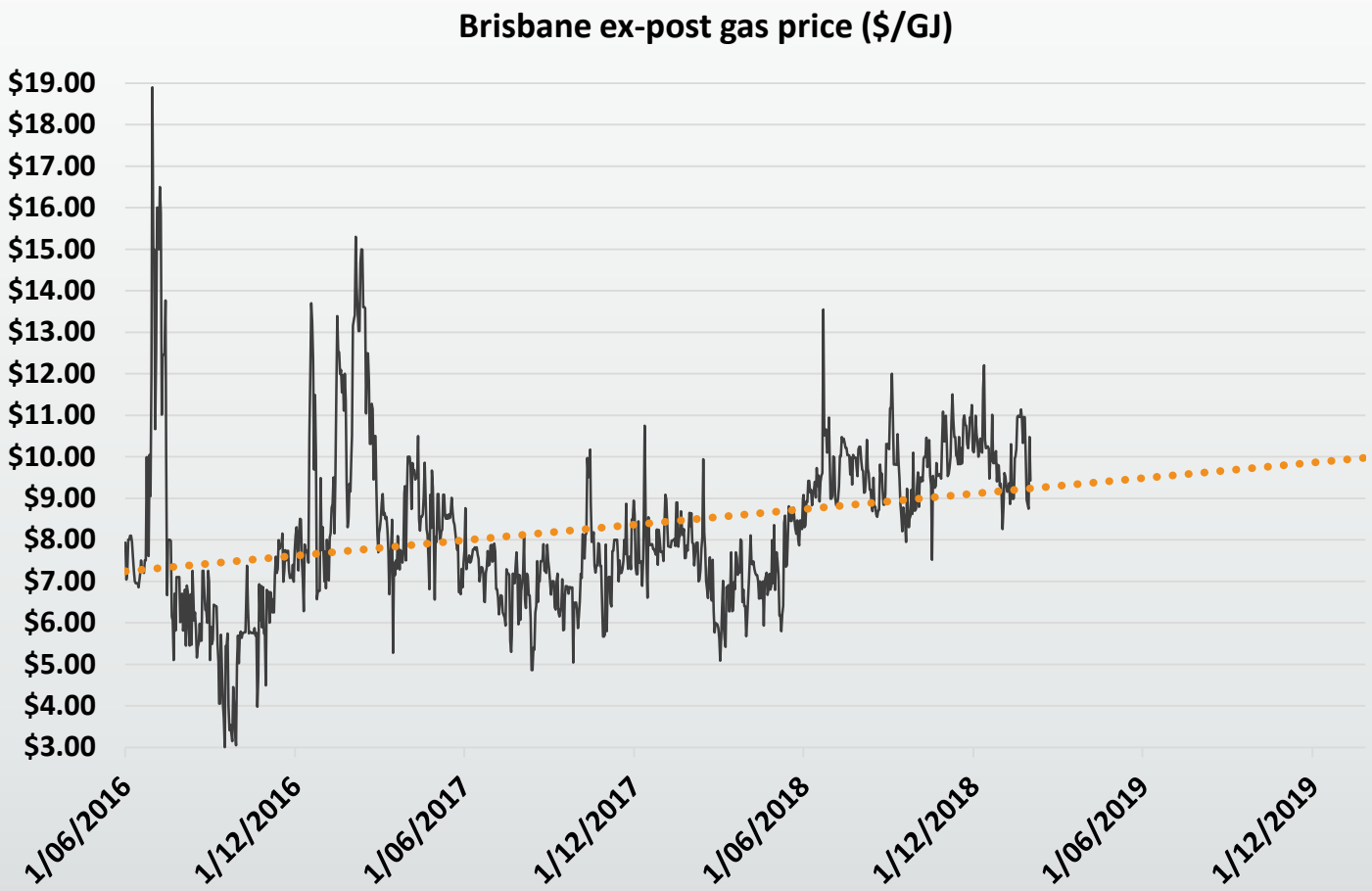


** Net of 66 TJ of purchased gas to supplement supply pending PV 13 tie-in*

East Coast Gas Market

East coast gas market – Brisbane STTM

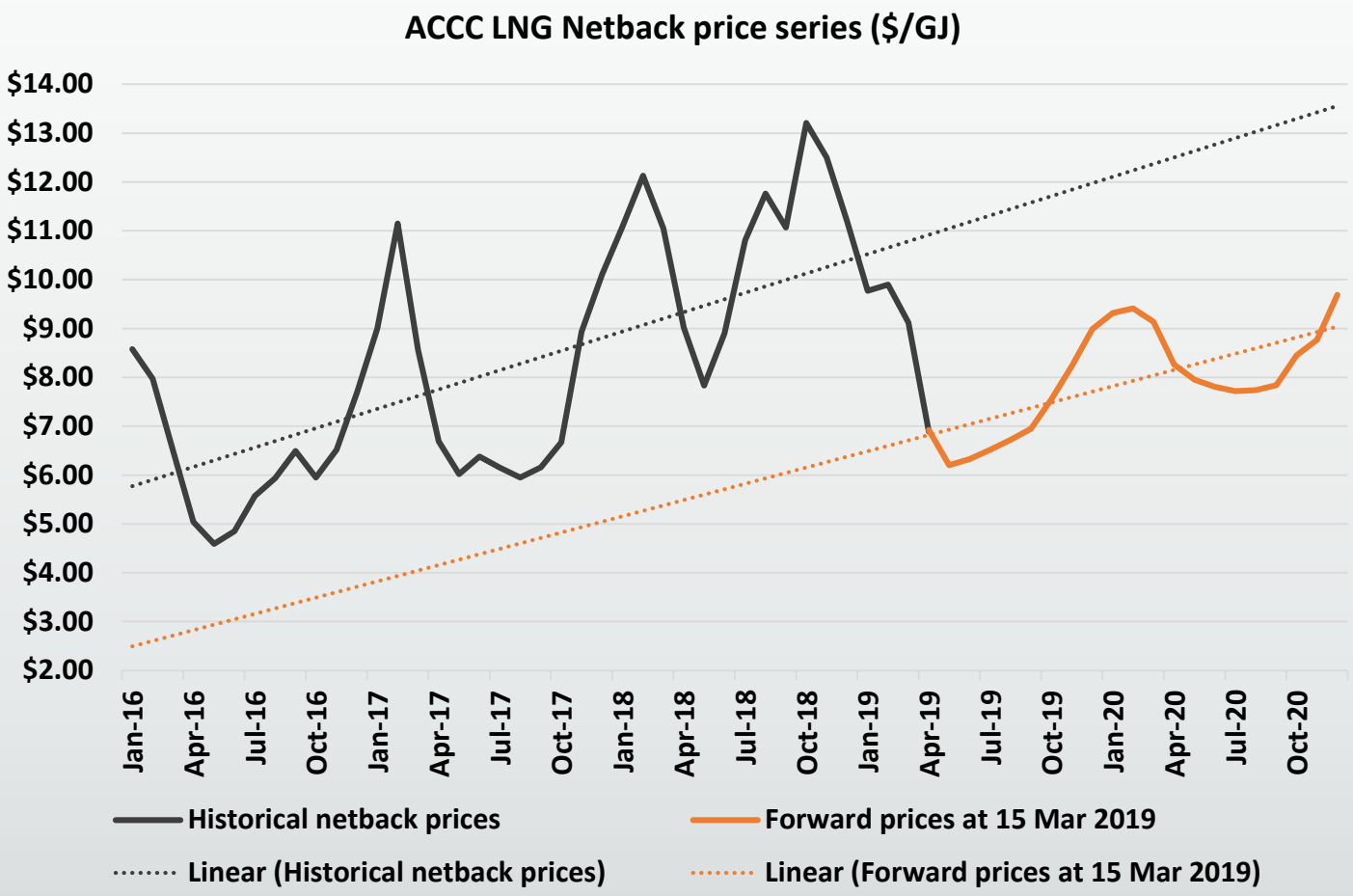
- The Short Term Trading Market (STTM) reflects spot market pricing on the east coast
- Brisbane STTM prices have ranged between $9 and $11/GJ over the past 6 months
- Brisbane STTM prices since 2016 have been volatile with an upward trend



Source: Australian Energy Market Operator

East coast gas market – LNG netback

- LNG netback prices influence domestic gas pricing
- Key pricing drivers include foreign exchange rates, global energy prices and global LNG supply and demand dynamics
- LNG netback prices estimated by the ACCC demonstrate volatility with an upward trend



Source: Australian Competition & Consumer Commission

East coast gas market – cost driven

- Queensland's LNG export projects have pushed marginal production costs for new gas supply into undeveloped and 2C production costs
- This increasing marginal cost of production on the east coast creates a floor for east coast prices
- Central is targeting low cost conventional production with brownfield economics.
- NT transport cost to east cost ~$4.50/GJ*

2018 AEMO GSOO Production Cost Estimates

Basin	Project	2P Developed	2P Undeveloped	2C
Bass	Bass	2.65		5.50
Bonaparte	Blacktip	3.04		
Sydney	Camden	2.40		
Otway	Casino Henry Netherby	2.00	4.50	3.50
Clarence Moreton	Clarence Moreton			8.00
Cooper Eromanga	Cooper Eromanga	2.49	5.60	7.00
Galilee	Galilee			9.50
Gippsland	GBJV & Turrum & Kipper	2.53	5.00	7.00
Gippsland	Gippsland - Non GBJV			7.50
Gunnedah	Gunnedah			7.25
Otway	Halladale/Black Watch/Speculant	5.35		
Ironbark	Ironbark		6.30	8.00
Gippsland	Longtom & Sole	3.20	5.60	5.70
Amadeus	**Mereenie**		**2.88**	**4.95**
Otway	Minerva	2.10		
Moranbah	Moranbah	3.40	6.87	7.00
Otway	Otway Gas Project	2.65		2.70
Surat & Bowen	QLD CSG - APLNG	2.80	5.43	8.11
Surat & Bowen	QLD CSG - Arrow	3.64	5.85	7.65
Surat & Bowen	QLD CSG - GLNG	2.64	5.84	8.98
Surat & Bowen	QLD CSG - Other	3.68	6.24	8.98
Surat & Bowen	QLD CSG - QCLNG	2.80	5.29	7.48
Surat & Bowen	Surat-Bowen-Denison	2.80		6.60
	Weighted average production cost ($/GJ)	**2.95**	**5.45**	**6.92**

Source: Australian Energy Market Operator – 2018 Gas Statement of Opportunities

** Based on published reference rates and the estimated impact of system and facility use gas to Ballera*

East coast gas market – summary

- The east coast gas market has become critically short on long-term gas supplies following the opening of 3 LNG facilities
- Central's current observations of potential 2020 delivered term contract prices into the east coast are not out of line with the actual 2018 LNG netback prices range demonstrated by the ACCC numbers i.e. in the $8 - $12/GJ range
- Central's onshore conventional production and brownfield economics are low cost relative to the east coast market compensating for higher transport costs
- Central can successfully compete in the east coast market, however primary targets are NT and Mt Isa given lower transport costs and higher margins

*** Based on published reference rates and the estimated impact of system and facility use gas to Ballera*

Future growth strategy

Growth platforms

Exploration

Asset acquisitions

Value add projects

Growth through exploration

- Exploration acreage is an opportunity for significant share price growth following commencement of the NGP
- Three key actions are currently being progressed to accomplish this:
  1. Identify and explore the high-value exploration targets
  2. Identify farm-out opportunities to accelerate and improve risk exposure
  3. Divest permits that don’t justify carrying costs

Asset Acquisition strategy (E&P assets)

- Ideally positioned for future permit releases and new E&P asset transactions:
  - Australian small cap not conflicted by LNG
  - new east coast competitor
  - proven ability to explore and develop
  - track record as a safe and responsible operator
  - strengthened financial capacity
- We will be strategic and selective to create real long-term shareholder value

Value add projects

Opportunities for value add projects
✓ Optimisation: expand existing reserves, brownfield economics, operating efficiencies and debottlenecking etc.
✓ LPG production to access local high-margin LPG market
✓ Local oil refining to increase margins on oil and condensate
✓ Compressed natural gas to access new customers
✓ Others to be identified

Near-term share price growth catalysts

	CY 2019			
Catalyst	**Q1**	**Q2**	**Q3**	**Q4**
✓ **GAP completed**				
✓ **Commencement of NGP (sales consistent with forecast)**				
✓ New contracts for 2020+ gas supply				
✓ PV13 tie-in and production testing				
✓ Santos plans to drill Dukas in EP112				
✓ Exploration drilling Range Gas Project (ATP 2031)				
✓ Progress high value exploration targets				
✓ Potential selection of value add project(s)				
✓ Anticipated Ooraminna 3 commitment well				*

** Application currently with the NT DPIR for deferral to CY2020*

Capital structure strategy

- Current total debt circa $90M (asset acquisition and GAP finance)
- Reduce current level of debt by $20 million this calendar year using free cash flow
- Refinance current debt facility with senior debt (completion of GAP and new sales could significantly lower interest costs)

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
2. *NT for Northern Territorians* - to the extent possible employees are based locally
3. *Traditional Values for Traditional Owners* - commitment to training and employing people on whose land we operate and Indigenous employees generally

Our current operations achieve:

- 58% are local employees
- 30% of staff are Indigenous
- 40% of Alice Springs' electricity is generated using our gas
- $5.9 million spent in the NT in CY18 (excludes royalties)
- Over $2.5 million in Northern Territory and CLC Royalties last financial year

In summary

- Only oil and gas company with exploration and production in the NT
- Unique position to take advantage of the NGP and an attractive east coast gas market
- Significant increase in gas sales from existing assets generating free cash flow
- Opportunity through low cost conventional production and brownfield economics
- Solid financial position provides a foundation for growth
- 2 active free-carry exploration drilling programmes this year
- Significant underexplored gas-prone exploration portfolio across proven and prospective oil and gas acreage

"A unique opportunity to participate as a shareholder in an NT on-shore oil & gas producer in the early stages of transformative growth driven by the new NGP access to the significant and lucrative Australian east coast gas market"

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