

20 August 2019

Issue of Equity Incentives

Central Petroleum Limited (**ASX:CTP**) (“**Company**” or “**Central**”) announces that the Board has approved the issue of equity incentives to employees:

Incentive plan	Equity securities	Number of securities
FY2019 Short Term Incentive Plan (STIP)	Ordinary shares	3,311,771
Long Term Incentive Plan (LTIP) (1 July 2016 plan year)	Ordinary shares	6,552,998
Long Term Incentive Plan (LTIP) (1 July 2019 plan year)	Rights to deferred shares	7,848,540
2019 Executive Share Option Plan	Share options	13,046,116

FY2019 Short Term Incentive Plan

Pursuant to the Company’s STIP for the year ended 30 June 2019, the Company has the discretion to issue a combination of cash and shares to eligible employees upon achievement of corporate, departmental and individual key performance indicators. The Board has determined that 3,311,771 Ordinary Shares will be issued as the equity component of the FY2019 STIP.

Documentation for the issue of securities to eligible employees is in progress and application will be made to ASX for the quotation of the shares once these formalities have been completed and the final number of shares confirmed.

Vesting and lapse of LTIP Rights (1 July 2016 plan year)

Following completion of the three year measurement period for the LTIP Rights granted in 2016 pursuant to the Company’s Employee Rights Plan, the Board has assessed the satisfaction of performance hurdles in respect of absolute total shareholder return and relative total shareholder return compared to a specific group of comparable exploration and production companies.

As a result, the Board has approved the issue of 6,552,998 Ordinary shares to employees, including 1,077,981 Ordinary shares to the Company’s CEO.

A total of 1,984,693 Unvested Share Rights will lapse as a result of the cessation of employment during the period.

Documentation for the issue of securities to individual employees is in progress and application will be made to ASX for the quotation of the shares (and notification of the lapsing of unvested LTIP Rights) once these formalities have been completed and the final number of shares and rights confirmed.

Issue of LTIP Rights (1 July 2019 plan year)

Pursuant to the Company's Employee Rights Plan for the 1 July 2019 plan year, a total of 7,848,540 LTIP Rights will be issued to employees. These rights represent the maximum number of LTIP Rights that can vest upon satisfaction of performance hurdles in respect of absolute total shareholder return and relative total shareholder return compared to a specific group of comparable exploration and production companies over the three year period ending 30 June 2022.

Several key executives will not participate in the Employee Rights Plan and have instead been granted share options in lieu of LTIP Rights that would otherwise have been granted over the next three years (refer below).

Documentation for the issue of securities to individual employees is in progress and application will be made to ASX for the issue of the LTIP Rights once these formalities have been completed.

Issue of Executive Share Options

Following the vote on the Company's Remuneration Report at the 2018 Annual General Meeting, the Board has consulted extensively with key shareholders regarding appropriate equity incentives for key executives. On 9 August 2019, the Board resolved to establish an Executive Share Option Plan for certain key executives in lieu of the LTIP Rights that would otherwise have been granted over the next three years.

The Board believes that the share options will provide a direct, transparent alignment between the interests of shareholders and executives.

A total of 13,046,116 share options have been granted to key executives.

The share options have an exercise price of 20 cents per share and cannot be exercised before 1 July 2022.

Key terms of Executive Share Options

Exercise price: 20 cents per share

Expiry date: 30 June 2032

Exercise period: From 1 July 2022

In certain circumstances, such as a change of control event, all Options become exercisable. In the event that the Options have not been exercised before the scheme of arrangement record date or issue of compulsory acquisition notice in the case of a takeover, the Company will cancel the Options and pay a settlement fee to the executive of the greater of 5 cents per Option or an amount equal to the consideration offered under the scheme of arrangement or takeover bid minus the Exercise Price.

Other conditions: If the executive resigns or is dismissed for cause before the Options become exercisable, Options will lapse in proportion to the remaining period between the date of cessation of employment and 1 July 2022 as a proportion of the total days in the period from 1 July 2019 to 1 July 2022.

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