

24 July 2020

Mereenie and Palm Valley Reserves Upgrade

Central Petroleum Limited (**ASX: CTP**) (“**Central**” or “**Company**”) is pleased to announce a 16% upgrade of Proved and Probable (2P) oil and gas reserves across its three producing fields in the Northern Territory.

Key points

- The upgrade means that after accounting for FY2020 production, there is an increase of 22.5 petajoules equivalent (PJE) in aggregate 2P oil and gas reserves to 161.2 PJE as at 30 June 2020.
- The reserve upgrade was driven by strong field performance across the portfolio and the exceptional performance of the PV13 well since it was commissioned in May 2019.
- The additional reserves provide a significant revenue opportunity for Central with east coast gas markets anticipated to strengthen in the medium term.
- Confirmation of 105 PJ of 2C contingent gas resources which could potentially be unlocked by a proposed Stairway appraisal program at Mereenie and additional infield wells at Palm Valley (similar to PV13).

Central Petroleum Oil and Gas Reserves and Resources as at 30 June 2020

Since the 30 June 2019 reserve report, Central’s production assets in the Northern Territory have benefitted from the following technical data:

- Strong field performance over 18 months of elevated production following commencement of the Northern Gas Pipeline in January 2019; and
- Exceptional production performance from the PV13 appraisal well which was brought online in May 2019.

The additional production data has been incorporated into a comprehensive reservoir modelling study at Mereenie and Palm Valley which has led to enhanced forecasting capabilities and the upgrade in certified reserves.

Oil and Gas Reserves and Resources CTP Share	As at 30 June 2019*	Production 1 July 2019 – 30 June 2020	Reserve Upgrade	As at 30 June 2020*
	(PJE)	(PJE)	(PJE)	(PJE)
Proved (1P)	124.1	(11.1)	14.7	127.7
Proved and probable (2P)	149.8	(11.1)	22.5	161.2
Proved, probable and possible (3P)	175.5	(11.1)	41.0	205.4
Contingent (2C)*	240.4	-	0.1	240.5

* Includes 2C contingent gas resources of 135 PJ at the Range Gas Project in Queensland as at 15 August 2019

The 30 June 2020 Mereenie and Palm Valley reserves and resources have been independently certified by internationally recognised petroleum consultants Netherland, Sewell & Associates, Inc.

Contingent resources: pathway to production

In addition to the upgraded reserves, the 105 PJ of 2C contingent resource at Mereenie and Palm Valley represents a significant gas resource which could be brought into production and connected to existing production facilities at relatively low cost.

As part of the proposed Amadeus exploration and appraisal program in 2021, Central is seeking to implement a new approach to appraise production from the Stairway Sandstone (Stairway) at Mereenie. Subject to Mereenie JV approval, this approach would utilise lateral drilling from existing wells at locations that had prior observed gas shows while drilling through the Stairway. This results in lower costs, lower technical risk and higher opportunity for success. This appraisal activity is targeting a material new gas resource which could significantly increase the gas produced from the Mereenie field with minimal investment required in the existing production facilities.

At Palm Valley, the PV13 horizontal well in the Pacoota Sandstone (Pacoota) continues to show excellent performance, with more than 2.6 PJ of gas recovered over 13 months and the well only recently intermittently coming off a 7 TJ/d plateau that was limited by wellhead facilities. Importantly, the performance of this well has accomplished what was intended, which was to demonstrate that additional gas reserves could be economically accessed from the Pacoota through lateral drilling.

Central are seeking to capitalise on the PV13 success through a smarter approach of drilling future laterals from existing wells to access poorly connected portions of the Pacoota reservoir. The first of these laterals is intended to be drilled from the same wellbore as the proposed PV Deep exploration well. Subsequent laterals are intended to be drilled from already existing PV wells. Using existing wellbores is anticipated to result in significantly lower costs than the PV13 well. In addition, gas produced from these laterals can be easily connected to existing Palm Valley production facilities with limited investment in infrastructure required.

Subject to Mereenie JV approval and the current farmout process, both the Stairway appraisal and the lateral from the PV Deep exploration well are targeted for drilling in 2021, with production available for a marketing window from 2022 which continues to see strong interest from domestic term contract customers.

Summary

“This reserve upgrade demonstrates the strength of our operating assets, which continue to provide a critical foundation for Central during the current market downturn,” said Central’s CEO and Managing Director, Leon Devaney.

“Importantly, we see resilient prices for term gas supply from 2022, with the recent drop in sector investment likely to accelerate these supply/demand dynamics. Consistent with this view, we are targeting our significant 2C resources through new and smarter approaches to Stairway appraisal and in-field laterals at Palm Valley. Combined with our exploration program, our Range Gas Project and active farmout process, Central is continuing to build momentum towards achieving our vision to become a major gas supplier into the domestic market,” added Mr Devaney.

This ASX announcement was approved and authorised for release by Leon Devaney, Managing Director and Chief Executive Officer.

Attachments:

Appendix 1: Supporting information

Appendix 2: Qualified Petroleum Reserves and Resource evaluator requirements

Appendix 1 : Supporting information**Mereenie**

Mereenie gas reserves and contingent resources

Gas CTP Share	As at 30 June 2019	Production 1 July 2019 – 30 June 2020	As at 30 June 2020 (pre- upgrade)	Upgrade	As at 30 June 2020
	(PJ)	(PJ)	(PJ)	(PJ)	(PJ)
1P	71.2	(5.5)	65.7	3.6	69.3
2P	81.5	(5.5)	76.0	15.8	91.8
3P	91.2	(5.5)	85.7	33.0	118.7
2C	91.2	-	91.2	-	91.2

Mereenie oil reserves and contingent resources

Oil CTP Share	As at 30 June 2019	Production 1 July 2019 – 30 June 2020	As at 30 June 2020 (pre- upgrade)	Upgrade	As at 30 June 2020
	(mmbbl)	(mmbbl)	(mmbbl)	(mmbbl)	(mmbbl)
1P	0.68	(0.09)	0.59	0.18	0.77
2P	0.87	(0.09)	0.78	0.19	0.97
3P	1.05	(0.09)	0.96	0.32	1.28
2C	0.10	-	0.10	-	0.10

Having the field operating at its expanded capacity over the course of the 2019 calendar year has resulted in an improved understanding of field behaviour. A comprehensive reservoir modelling study has been conducted to capture the latest data. Results indicate that additional gas is likely to be recovered from lower permeability sands within the Mereenie reservoirs. In addition, the study indicates that sales gas specification can be maintained without the need for additional capital investment to remove Nitrogen. The combined effects of reduced costs and an improved understanding of reservoir performance have driven the reserves increase.

Palm Valley

Palm Valley gas reserves and contingent resources

Gas CTP Share	As at 30 June 2019	Production 1 July 2019 – 30 June 2020	As at 30 June 2020 (pre- upgrade)	Upgrade	As at 30 June 2020
	(PJ)	(PJ)	(PJ)	(PJ)	(PJ)
1P	18.5	(3.9)	14.6	10.1	24.7
2P	25.8	(3.9)	21.9	5.8	27.7
3P	30.9	(3.9)	27.0	6.2	33.2
2C	13.6	-	13.6	0.1	13.7

The upgrade reflects the continued excellent performance of the PV13 well. The well has continued to produce strongly, initially coming off plateau during May 2020 after having maintained a rate of

around 7 TJ/d for over a year. The well is conservatively expected to pay for itself in approximately 18 months. During June, PV13 has also been able to regain its plateau rate after only brief periods of being turned down or shut-in, which is believed to be caused by ongoing recharge from the fracture network. This indicates that further outperformance by the well remains possible. Given the success of PV13, Central has identified three further potential locations for the drilling of lateral wells similar to PV13. The upside associated with these three wells is reflected in the 2C contingent resources.

Dingo

The performance of the Dingo field did not vary materially from expectations and a review of the Dingo field was not conducted during the 2020 financial year. As a result, the reserves and resources for the Dingo field are unchanged aside from accounting for production. The updated estimates for Dingo Reserves and Resources are shown in the table below.

Dingo gas reserves and contingent resources

Gas CTP Share	As at 30 June 2019	Production 1 July 2019 – 30 June 2020	As at 30 June 2020
	(PJ)	(PJ)	(PJ)
1P	30.5	(1.2)	29.3
2P	37.3	(1.2)	36.1
3P	47.3	(1.2)	46.1
2C	-	-	-

Appendix 2: 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 Mereenie and Palm Valley Fields are based on, and fairly represent information and supporting documentation reviewed by Mr. John Hattner who is a full-time employee of Netherland, Sewell & Associates, Inc., holding the position of Senior Vice President. Mr. Hattner is a member in good standing of the Society of Petroleum Engineers and has consented to the publication of these reserves and resource estimates in the form and context in which they appear in this announcement.

The reserves and resources information in this Central Petroleum Limited Australian Securities Exchange (“ASX”) document relating to the Dingo 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 is a member in good standing of the Society of Petroleum Engineers and has consented to the publication of these reserves and resource estimates in the form and context in which they appear in this announcement.

The resources information relating to the Range Gas Project are as at 15 August 2019 and were independently certified by Netherland, Sewell & Associates, Inc. These resources were first reported to the market on 20 August 2019. Central Petroleum Limited is not aware of any new information or data that materially affects the information included in this document and all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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. 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.
3. Unless otherwise stated, all references to Central’s petroleum reserves and contingent resources quantities in this document are Central’s net share.
4. Oil reserves have been converted to Petajoule equivalents (PJE), using a conversion factor of 5.816 PJ/mmbbls.
5. 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.
6. The total reserves and contingent resources for the Central group are an arithmetic summation of each reserve category for each field. The aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effect of arithmetic summation.
7. Specific details in relation to the estimation of Reserves and Resources for Palm Valley and Mereenie 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. Mereenie Reserves have been adjusted to reflect the Joint Venture imbalance with Macquarie Mereenie.
 - b. Palm Valley and Mereenie are operated by Central
 - c. The Mereenie permit is OL4 and OL5 and Palm Valley permit is PL3
 - d. The reference point for the measurement of Reserves and Resources is at the respective outlets of the Mereenie and Palm Valley Gas Plants and are net of fuel consumed in production operations
 - 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 at Palm Valley are developed (estimated to be recovered from existing wells and facilities). At Mereenie, 40.0 PJ of 1P and 62.6 PJ of 2P gas reserves are developed, while 0.55 mmbbl of 1P and 0.80 mmbbl of 2P oil reserves are developed.
- 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 technical evaluations to demonstrate economically viable projects.
- h. The extraction method is via the Mereenie and Palm Valley Gas Plants which includes compression and dehydration

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About Central Petroleum

Central Petroleum Limited (Central) is a well-established, and emerging ASX-listed Australian oil and gas producer (ASX: CTP). In our short history, Central has grown to become the largest onshore gas producer in the Northern Territory (NT), supplying industrial customers and senior gas distributors in NT and the wider Australian east coast market. Central is positioned to become a significant domestic energy supplier, with exploration and development plans across 180,000 km² of tenements in Queensland and the Northern Territory, including some of Australia's largest known onshore conventional gas prospects.

We are also seeking to develop the Range Gas Project, a new gas field located among proven CSG fields in the Surat Basin, Queensland with 135 PJ (net to Central) of development-pending 2C contingent gas resource.

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