

16 July 2020

Dukas forward plan

Central Petroleum Limited (**ASX: CTP**) (“**Central**” or “**Company**”) is pleased to announce that it has reached agreement with its joint venture (**JV**) partner, Santos QNT Pty Ltd (**Santos**) on the forward plan for the prospective multi-tcf (trillion cubic feet) Dukas prospect in EP112 in the Northern Territory’s Amadeus Basin.

Key points

- Updated mapping incorporating results from Dukas-1 exploration indicates the structural closure appears to be in excess of 400km², making it one of the largest-known onshore conventional gas prospects in Australia.
- Specialised equipment capable of drilling safely at depth in an over-pressured environment will be sourced, with drilling targeted to commence as soon as possible in 1H 2022.
- Work is now underway to select a preferred well program from a number of possible options including: a re-entry of Dukas-1; a complete redrill adjacent to Dukas-1; or drilling a new well at a revised crestal location. The JV is working toward a decision on the well program by year end.
- The following new JV arrangements have been agreed with Santos:
 - The JV will proceed with Central retaining a 30% interest in EP112 which contains the Dukas-1 well (Santos 70%);
 - Prior to 31 July 2021 Santos can elect that Central be carried for the first \$3 million of its well costs. In return for a carry by Santos and if Santos so elects, Central will transfer 30% equity in EP82 (excluding the Orange prospect) to equalise JV permit interests with Santos in the region; and
 - Should Santos not carry Central in exchange for the option to have 30% equity in EP82, their interest in EP112 (with the Dukas-1 well) will decrease from 70% to 55% (Central interest increases from 30% to 45%).
- The 1H 2022 drilling target for Dukas creates an opportunity for Central to accelerate exploration in EP115 (100% Central), which contains other sub-salt leads that are potentially larger than the Dukas structure. By accelerating exploration in EP115, Central opens up the possibility of using the Dukas rig to also drill a sub-salt lead in EP115, thereby saving significant drilling costs.

“We are pleased to have reached agreement with Santos on a path forward to complete drilling at the exciting Dukas prospect, which remains the premier onshore multi-tcf conventional gas opportunity in Australia. Whilst the target drilling window isn’t as soon as we had hoped, we now have an agreed Dukas forward plan that gets the programme underway together with the possibility of Central being free carried for \$3 million on this well,” said Central’s CEO and Managing Director, Leon Devaney.

Dukas Exploration Strategy and History

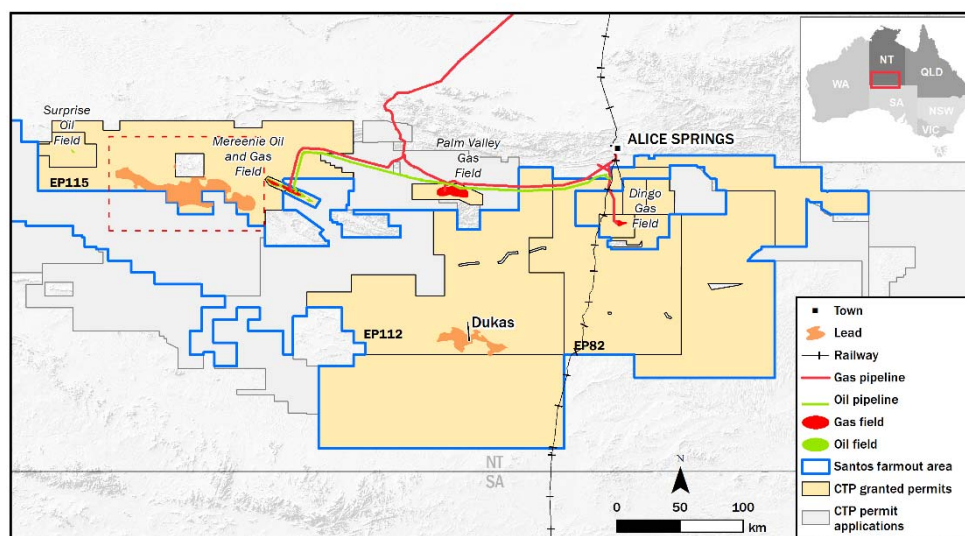
Dukas is one of the largest-known onshore conventional gas prospects in Australia.

While drilling the Dukas-1 well in August 2019, mud gas samples indicated a combination of hydrocarbons and inert gases. The well was suspended at a depth of 3,704m, after encountering an exceptionally over-pressured zone above the target reservoir formation. These are positive indications for a working petroleum system at the Dukas location.

Prior to drilling Dukas-1, the JV relied solely on seismic imaging through a thick section of evaporites and complex thrust faulting to map the structure. Specific detail of the structural attitude of the strata overlying the target, however, is now available from recently acquired Dukas-1 well log data. This technical information allows the JV to greatly improve structural mapping.

Importantly, the revised structural closure remains very large at greater than 400 km², which is comparable in area to multi-tcf fields such as Bayu-Undan in the Timor Sea. In addition, the revised mapping creates an opportunity to drill a more crestal well, which could increase the potential for a successful outcome.

Figure 1. Exploration locality



Dukas Forward Plan

Under the Dukas forward plan, the JV will now assess various options and their costs to intersect the target formation using specialised high-pressure equipment, with the JV working toward a decision on the preferred option by year end. The three (3) primary options are:

1. Re-entry of the suspended Dukas-1 well and continue drilling into the formation (limited to operations possible within existing casing sizes);
2. Twinning the existing Dukas-1 well by drilling a new well immediately adjacent to the existing suspended well (using new casing to improve drilling and testing opportunities); or
3. Drilling a new well at a more crestal location.

The targeted spud timing for the selected option is as soon as possible in 1H of calendar year 2022. This schedule allows the JV the opportunity to consider the various options (including the crestal well), along with the associated well designs, permits and approvals, and sourcing of high-pressure equipment and drill rig.

New commercial arrangements

As part of the Dukas forward plan, the JV parties have agreed that the equity in EP112 which contains the Dukas-1 well is 70% Santos / 30% Central.

Santos can elect, prior to 31 July 2021, for Central to be carried for the first \$3 million of its well costs (\$10 million gross JV). In return for a carry by Santos and if Santos so elects, Central will transfer 30% equity in EP82 (excluding the Orange prospect which is 100% Central) which would ensure consistent JV equity interests across all Central/Santos JV tenures in the middle Southern Amadeus Basin. If such transfer occurs, Santos will pay to Central certain back-costs associated with the transferred interest for field activities conducted in EP82 from the date of this agreement.

Should Santos not carry Central in exchange for the option to have 30% equity in EP82, the equity interest in EP112 (with Dukas-1) will revert from 70% Santos / 30% Central to 55% Santos / 45% Central.

Opportunity for Central to accelerate large sub-salt prospects in EP115

Following the promising indications and technical data derived from the Dukas-1 drilling results to date, Central is now considering the opportunity to accelerate exploration in EP115 which contains several other large sub-salt targets (Figure 1 above).

With the Dukas target drilling window in 1H 2022, Central could use the Dukas rig for drilling in EP115. This would save considerable cost and provide another potentially company-changing exploration well in a permit that is 100% controlled by Central. To facilitate this, seismic data would need to be obtained in 2021 to identify a drilling location to enable sharing of the Dukas rig and its specialised high-pressure drilling equipment in 2022.

“With clarity on the target Dukas drilling schedule, we want to take a close look at accelerating exploration on our other large sub-salt targets in order to leverage recent Dukas-1 technical data and reduce costs through a shared drilling campaign. We have commenced planning work for these prospects, which if successful, would not only be company-changing, but could bring significant gas reserves to market to help mitigate Australia’s looming east coast gas shortfall,” said Mr Devaney.

“In addition, we continue to focus on restarting our Range project in the Surat Basin in Queensland, our Amadeus exploration and wrapping up the non-binding offer phase of our farmout process. These are priority activities and we will communicate more on the status for each as we make progress moving forward,” added Mr Devaney.

-ends-

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

General Legal Disclaimer and Explanation of Terms:

This document is for information purposes only and is not investment or financial product advice nor intended for prospective investors and does not purport to provide all of the information an interested party may require in order to investigate the affairs of Central Petroleum Limited ("Company"). This document has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. The data, information, opinions and conclusions ("Information") herein are subject to change without notice.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, correctness, likelihood of achievement or reasonableness of the Information contained in this document. To the maximum extent permitted by law, none of the Company or its agents, directors, officers, employees, advisors and consultants, nor any other person, accepts any liability, including, without limitation, any liability arising out of fault or negligence for any loss arising from the use of the Information contained in this document.

This document may contain forward-looking statements which include (but are not limited to) forecasts, prospects or returns. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which may be outside the control of the Company and could cause actual results to differ from these statements. These risks, uncertainties and assumptions include (but are not limited to) funding, exploration, commodity prices, currency fluctuations, economic and financial market conditions, environmental risks, legislative or fiscal developments, political risks, project delay, approvals, cost estimates and other risk factors described from time-to-time in the Company's filings with the ASX. Actual facts, matters or circumstances may be different to those expressed or implied in this document. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Subject to any continuing obligations under applicable law and the ASX Listing Rules, the Company and its agents, directors, officers, employees, advisors and consultants, nor any other person, do not undertake any obligation to update or revise any Information or any of the forward looking statements in this document. Sentences and phrases are forward looking statements when they include any tense from present to future or similar inflection words, such as (but not limited to) "believe", "understand", "estimate", "anticipate", "plan", "predict", "target", "may", "hope", "can", "will", "should", "expect", "intend", "projects", "is designed to", "with the intent", "potential", the negative of these words or such other variations thereon or comparable terminology or similar expressions of the future which may indicate a forward looking statement or conditional verbs such as "will", "should", "would", "may", "can" and "could" are generally forward-looking in nature and not historical facts.

No right of the Company or its subsidiaries shall be waived arising out of this document. All rights are reserved.