



Sale of 50% interest in Amadeus Producing Assets

25 May 2021

Central Petroleum Limited (ASX:CTP)

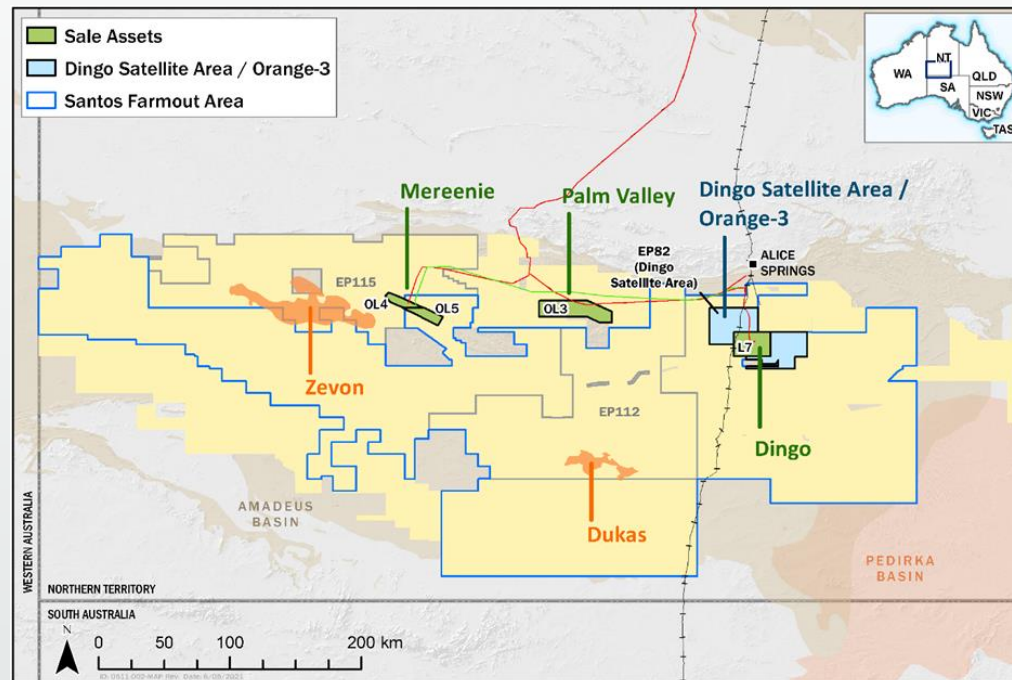


Transaction overview

Transaction highlights

Sale Assets	<ul style="list-style-type: none"> 50% of Central's interests in its Amadeus Basin producing assets : Mereenie, Palm Valley and Dingo (together, the "Sale Assets" or "Amadeus Basin Producing Assets") Central retains Operatorship over the Sale Assets
Buyer	<ul style="list-style-type: none"> New Zealand Oil and Gas ("NZOG") and Cue Energy ("Cue") (together, the "NZOG Entities")
Consideration	<ul style="list-style-type: none"> Consideration comprised of: <ul style="list-style-type: none"> \$29m upfront cash payment; \$40m in carried funding of Central's share of near-term development, appraisal and exploration activities; \$23 million⁽¹⁾ (Central's book value at the effective date) through an assumption by the NZOG Entities of obligations to supply up to 4.9 PJ of gas (50% share) which has previously been paid for but not delivered under pre-sale or 'take-or-pay' arrangements; and A completion adjustment for net cash flows generated between the effective date and the completion date. Consideration valued at \$85m at completion⁽²⁾
Key Terms	<ul style="list-style-type: none"> Customary sale terms and conditions, including FIRB approval Effective date of 1 July 2020 Completion expected Q3-2021

Map of Sale Assets



Notes: (1) Based on Central's book value for these liabilities at the effective date, including pre-sale subsequently executed in December 2020; (2) Estimated value at the assumed completion date of 1 August 2021 and subject to final determination of the completion adjustment and movements in liabilities associated with the Sale Assets between the effective date and the expected completion date. See Appendix 1 for further details



Strategic objectives achieved

Allows Central to pursue multiple avenues for growth

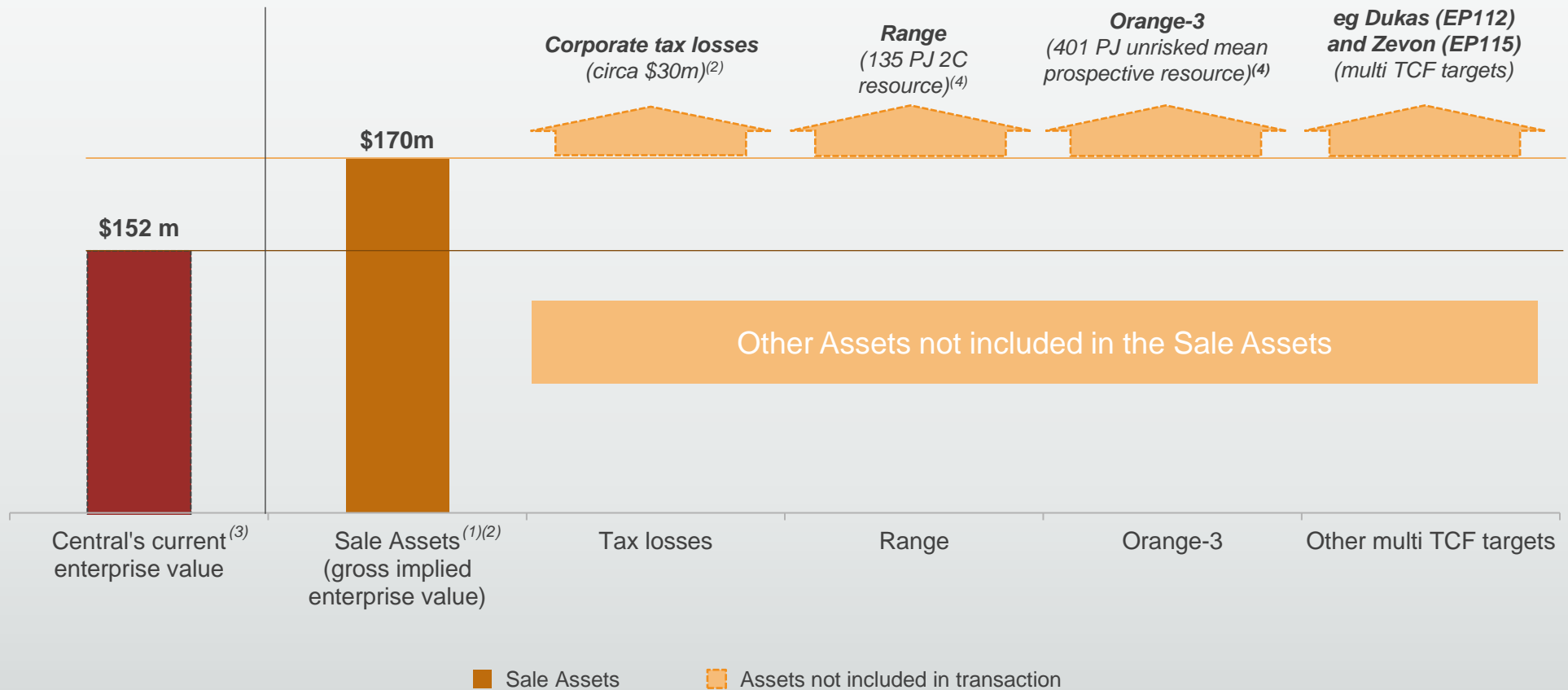
✓ Value accretive	\$85m consideration ⁽¹⁾ for 50%, with an expected \$35m - \$40m profit ⁽¹⁾ , delivers a strong signal for the underlying value and quality of Central's Amadeus Basin Producing Assets
✓ Accelerates Growth	Provides \$40m free-carry for near term exploration and development, which would facilitate approximately \$100m (gross JV) investment across the Sale Assets without any further cash outlay from Central
✓ Diversifies risk	Accelerating growth in the Amadeus Basin while sharing and diversifying geological, exploration and development risk through a new joint venture
✓ Aligned partner	Introduces technically capable partner(s) with financial capacity and aligned objectives
✓ Operatorship	Central retains operatorship
✓ Balance Sheet	Strengthens Central's balance sheet through reduction of debt (by \$30m) and deferred gas liabilities (by \$21m) ⁽²⁾

Note: (1) Estimated value at the assumed completion date of 1 August 2021 and subject to final determination of the completion adjustment and movements in liabilities associated with the Sale Assets between the effective date and the expected completion date; (2) Based on Central's expected book value for these liabilities if the Transaction completes on 1 August 2021



Value accretive

Enterprise Value (A\$m)



Note: (1) Implied value for 100% of Sale Assets, based on total consideration of \$85m for 50% interest sold; (2) Estimated value at the assumed completion date of 1 August 2021 and subject to final determination of the completion adjustment and movements in liabilities associated with the Sale Assets between the effective date and the expected completion date; (3) Based on last close share price of \$0.105 per share (as at 21 May 2021), net debt as at 31 March 2021 (\$31m) and deferred gas obligations as at 31 December 2020 (\$45m); (4) Refer Appendix 2 for further information on reserves and resources



Funding for accelerated growth

The \$40 million free carry will fund Central's share of circa \$100m⁽¹⁾ of current and near-term development investment across the Amadeus Basin Producing Assets without any cash outlay from Central

Identified activities include:

Mereenie	<ul style="list-style-type: none">✓ Current four well re-completion program✓ Two new production wells (starting Q2 CY2021)✓ Flare Gas Recovery Project (underway)✓ Two new future production wells⁽²⁾
Palm Valley	<ul style="list-style-type: none">✓ Palm Valley Deep exploration well with production lateral (PV12) if exploration target is unsuccessful✓ New future production well
Dingo	<ul style="list-style-type: none">✓ Dingo Deep exploration well with option to access existing production formation

+ Other development activities across the Sale Assets up to the \$40m free carry cap

Notes: (1) Gross JV including Macquarie Mereenie 50% interest; (2) Subject to JV approval

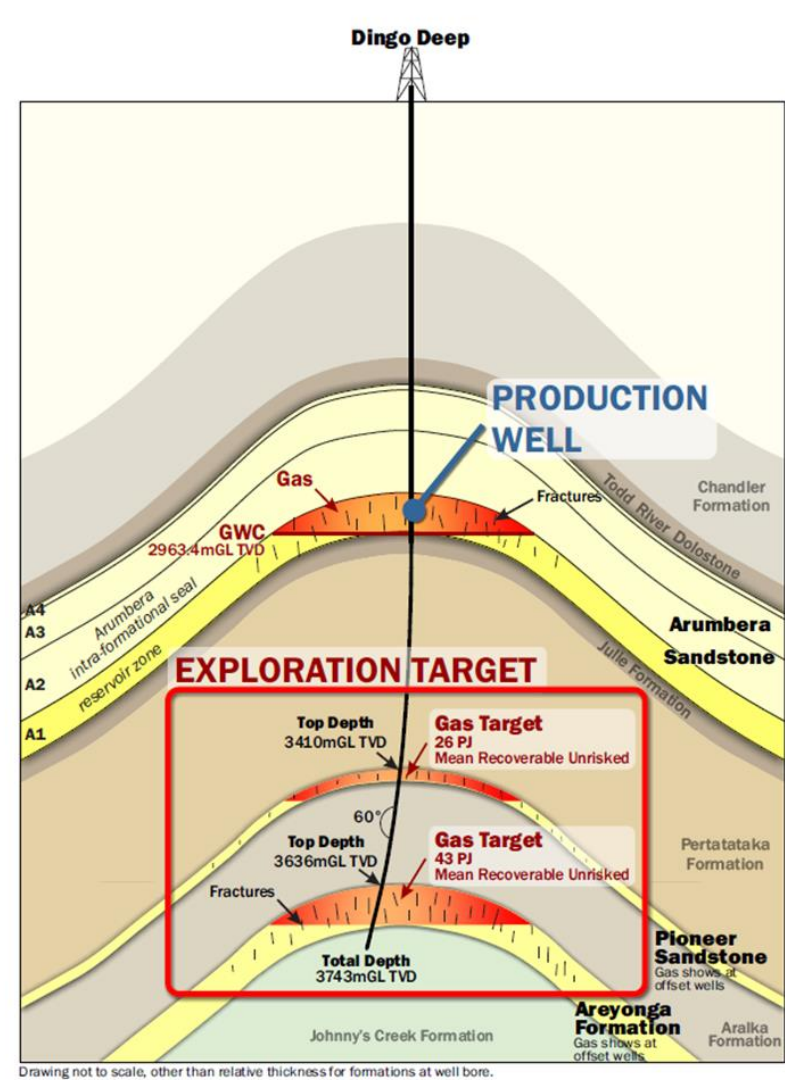
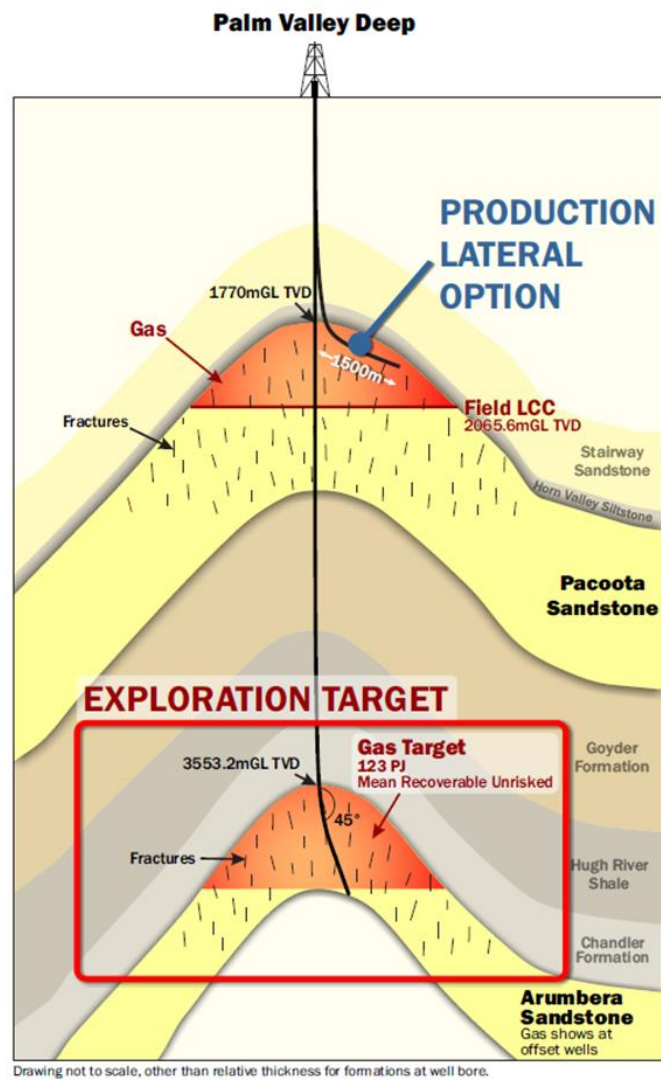
Accelerated growth – two new exploration wells

Palm Valley Deep

- Targeting a mean recoverable volume⁽¹⁾ of 123 PJ in the deep Arumbera Sandstone (61.5 PJ net to Central)
- The Arumbera Sandstone is the productive interval at the Dingo Field
- Deviated within the Arumbera Sandstone to 45° to optimise the intersection of open fractures
- If the deep test fails, the well will be plugged back and a 1500m lateral well will be drilled at the Pacoota level and completed for immediate tie-in

Dingo Deep

- Targeting a mean recoverable volume⁽¹⁾ of 69 PJ (34.5 PJ net to Central)
- Deviated to 60° through the Pioneer and Areyonga Formations to maximise the chance of intersecting the open fracture network in the deeper targets
- Both formations have had gas shows with flows to surface achieved at Ooraminna at the Pioneer Sandstone level
- A successful exploration test will open up a new play fairway in the basin
- The well will also be completed at the productive Arumbera Formation level for tie-in to the Dingo facilities



(1) Refer Appendix 2 for further information on reserves and resources



Introduces technically capable partners with financial capacity and aligned objectives

The transaction introduces technically capable partner(s) with financial capacity and aligned objectives



- Oil and gas exploration and production company listed on the NZX and ASX
- Non-operating interests in producing assets and exploration and appraisal stage assets located in New Zealand, Australia and Indonesia
- Owns ~50% of Cue Energy and held ~NZ\$72m⁽¹⁾ cash as at 31 March 2021

- ✓ Fully aligned
- ✓ Strong financial and technical capability



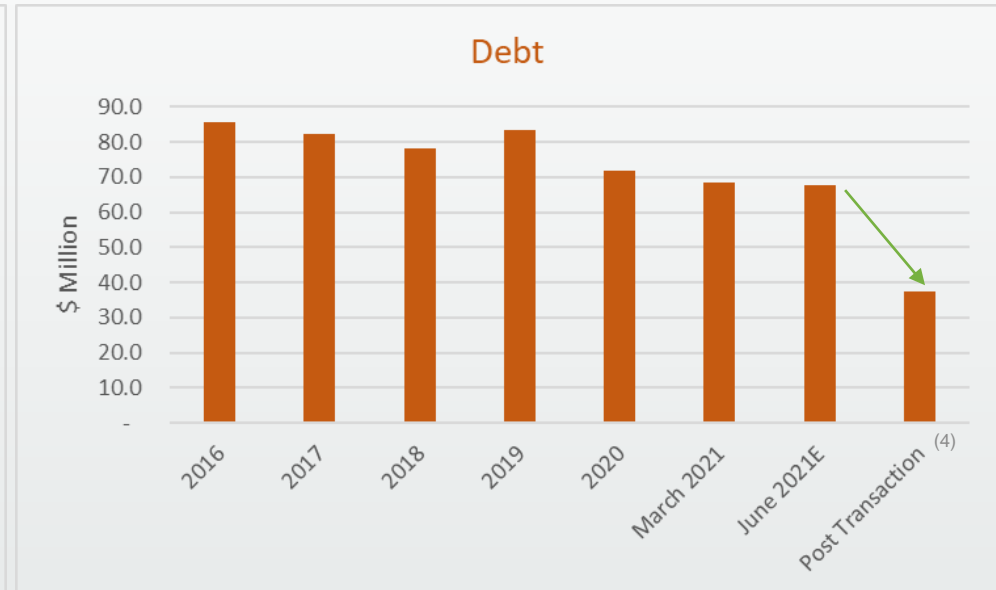
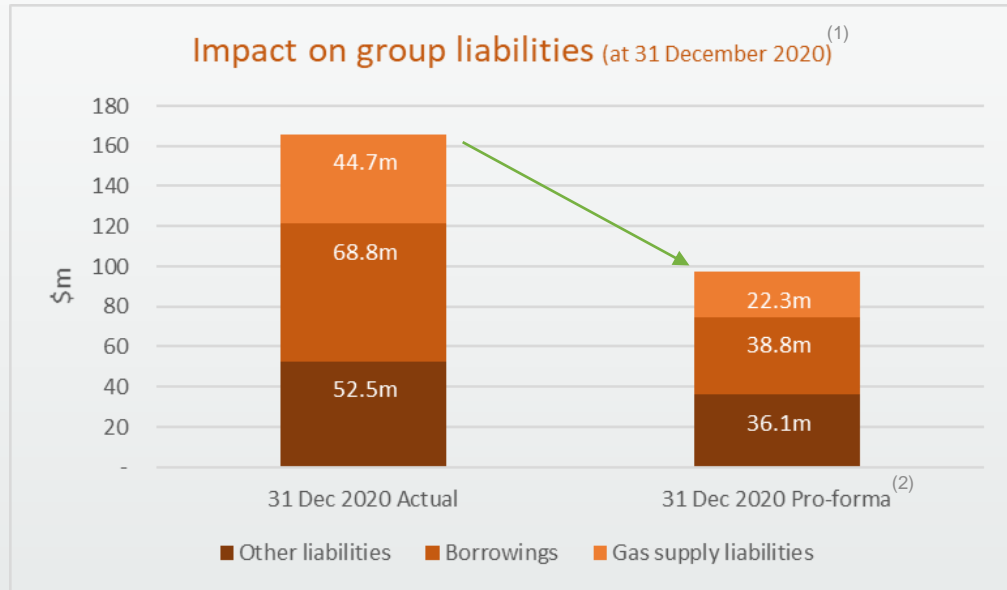
- Oil and gas exploration and production company listed on the ASX
- Owns minority interests in various producing assets in New Zealand and Indonesia
- Holds operated and non-operated interests in exploration permits in the Carnarvon Basin, offshore Western Australia and onshore Indonesia
- Held ~A\$17m cash as at 31 March 2021

- ✓ Committed to creating value within the Amadeus Basin
- ✓ Existing presence in Australia

Note: (1) Reported on a consolidated basis including Cue's cash

Strengthens Balance Sheet

Transaction will result in significant reductions in liabilities



Deferred gas supply (pre-sale and take-or-pay) liabilities

NZOG will take up 50% of pre-sale and take-or-pay liabilities which is expected to have a book value of \$21m as at the completion date⁽³⁾ (\$22.3m at 31 December 2020 as illustrated above).

Debt

In the quarter of completion, Central will repay \$30 million of debt, reducing the outstanding loan balance to \$36.8 million if the transaction completes in the September quarter.

Notes: (1) As at the most recent published financial statements, 31 December 2020; (2) Pro-forma balances illustrate the impact on liabilities as at 31 December 2020 as if the transaction had completed at that time; (3) Based on Central's expected book value for these liabilities if the Transaction completes on 1 August 2021; (4) Post transaction debt balance illustrates the balance of outstanding debt if the Transaction completes in the September 2021 quarter.



Central's Key Milestone Activities

	CY2021			CY2022		
	Q2	Q3	Q4	Q1	Q2	Q3
Divestment announced / completes						
Pay-down \$30m of debt and \$21m liability reduction ⁽¹⁾						
Range pilot testing						
Mereenie re-completions (x4)						
Mereenie new production wells (x2)						
Range permitting and approvals						
Range pre-FID design & engineering ⁽²⁾						
Zevon seismic test line						
Zevon seismic and well planning ⁽²⁾						
Palm Valley Deep exploration well ⁽¹⁾						
Dingo Deep exploration well ⁽¹⁾						
Drill Orange-3 exploration well ⁽²⁾						
Range FID target ⁽²⁾						

Notes: (1) Subject to completion of Transaction; (2) Subject to investment decision

Appendix 1: Total Transaction Value

(expected adjustments at Completion)

\$ million	Effective Date (1 July 2020)	Expected adjustments ⁽¹⁾	Expected at Completion ⁽¹⁾
Upfront cash	29		
less: completion adjustment	①	(5)	
add: reimbursement of carried expenditure	②	5	29
Agreed Carry Programme (Central's share)	40		
less: reimbursement of carried expenditure	③	(5)	35
Assumption of obligation to supply gas	23 ⁽²⁾		
less: deliveries of gas	④	(2)	21 ⁽³⁾
Total Transaction Value	92	(7)	85

Upfront cash payment to be adjusted for:

- ① (-) NZOG Entities' 50% share of free cash generated from the Sale Assets between the Effective Date (1 July 2020) and the Completion Date, expected to be c\$5m⁽¹⁾; and
- ② (+) Central's share of development, appraisal and exploration activity to be funded by NZOG Entities per the Agreed Carry Program expected to be c\$5m⁽¹⁾ (See point 3 below)
- ③ Adjusted for spend on development, appraisal and exploration activities between the Effective Date and the Completion Date, which are covered by the Agreed Carry Program (expected to be c\$5m⁽¹⁾)
- ④ Change in value of liabilities due to deliveries of gas under the pre-sale or take-or-pay arrangements, between the Effective Date and the expected Completion Date. NZOG's share of obligation is expected to be 4.2 PJ⁽³⁾ at completion.

Notes: (1) Estimated value at the assumed completion date of 1 August 2021 and subject to the actual cash flows and working capital movements prior to completion; (2) Based on Central's book value for these liabilities at the effective date, including pre-sale subsequently executed in December 2020; (3) Based on Central's expected book value for these liabilities if the Transaction completes on 1 August 2021.

Appendix 2: Reserves and Resources information

Oil and Gas Reserves and Resources CTP Share As at 30 June 2020	Before transaction (PJe)	After transaction (PJe)
Proved (1P)	127.7	61.7
Proved and probable (2P)	161.2	78.4
Proved, probable and possible (3P)	205.4	100.5
Contingent (2C)*	240.5	187.5

Reserves and contingent resources

Reserves and contingent resources for the Mereenie, Palm Valley and Dingo fields in this report are as at 30 June 2020 and were first reported to ASX on 24 July 2020, adjusted for Central's reduced interests as a result of this Transaction.

* Includes 2C contingent resources for the Range Gas Project first reported to the market on 20 August 2019.

Central confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.

Prospective Resources – Amadeus exploration targets (CTP Share after transaction)

Lead / Prospect	Target formation	Permit	Permit Interest (after transaction)	Low Estimate P90 Recoverable (PJ)	Best Estimate P50 Recoverable (PJ)	High Estimate P10 Recoverable (PJ)	Mean Recoverable (PJ)
Dingo Deep	Pioneer	L7	50%	2.5	8.5	27.5	13.0
	Areyonga	L7	50%	5.0	16.0	44.0	21.5
Orange-3	Arumbera	EP82(DSA)	100%	14	49	148	71
	Pioneer	EP82(DSA)	100%	15	67	233	107
	Areyonga	EP82(DSA)	100%	49	168	456	223
Palm Valley Deep	Arumbera	OL3	50%	13	37.5	140	61.5
Aggregate Gas					344		497

Resources Estimates

The volumes of Prospective Resources included in this presentation represent the unrisks recoverable volumes derived from Monte Carlo probabilistic volumetric analysis for each prospect as first reported to ASX on 7 August 2020 for Dingo, Orange and Palm Valley, adjusted for Central's reduced interests as a result of this Transaction.

Inputs required for these analyses have been derived from offset wells and fields relevant to each play and field. Recovery factors used have been derived from analogous field production data.

Cautionary statement: the estimated quantities of petroleum that may *potentially be recovered* by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Central confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.



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