Asset Sale Unlocks Major Exploration Programme and Reduces Debt

Central Petroleum (CTP) is the NT's largest onshore gas producer, with a portfolio of gas and oil assets focused on the Amadeus Basin and the significant Range Gas (CSG) project in Queensland's Surat Basin. CTP has established a strong operational and exploration record. Its strategy is to unlock and commercialise the vast energy potential of the Central Australian basins to take advantage of a predicted tight supply/demand balance in the domestic gas market.

The Deal: Selling 50% of Amadeus Producing Assets

CTP has entered into a binding agreement with New Zealand Oil and Gas (NZOG) (NZX :NZO and ASX: NZO) and Cue Energy Resources (ASX: CUE) to sell 50% of its current working interest in its Amadeus Basin producing assets (the Sale Assets). CTP values the deal at circa A$85m. The deal comprises three key parts and after completion adjustments will include:

- an upfront cash payment of A$29m
- A$35m (A$40m pre adjustments) by way of 'carried' funding for CTP's share of near-term development, appraisal and exploration activities, including a committed two-well exploration programme at Palm Valley and Dingo to commence this year
- A$21m through an assumption of obligations to supply up to 4.2 PJ of gas under pre-sale or 'take-or-pay' arrangements.

A Win for CTP: Kicking Off Exploration, Cutting Debt

The acquisition is a result of NZOG's (70% owned by Ofer Global) and Cue's strategy to grow oil and gas production and onshore Australian presence. The deal positions CTP to be able to accelerate a large exploration programme, diversify, de-risk exploration and reduce debt by a material amount.

'Free Carry' Unlocks A$100m of Exploration

The deal accelerates CTP's exploration strategy through the A$40m 'free carry' of near-term exploration, appraisal and development. This translates into A$100m in gross JV exploration and development across the Sale Assets without any further cash outlay from CTP. Drilling has been pre-approved by the new JV and is expected to commence with two production wells in Q2 CY2021, to be followed by two exploration wells commencing in Q4 CY2021. Importantly, CTP retain operator status and are able to defray direct and indirect costs to the JV.

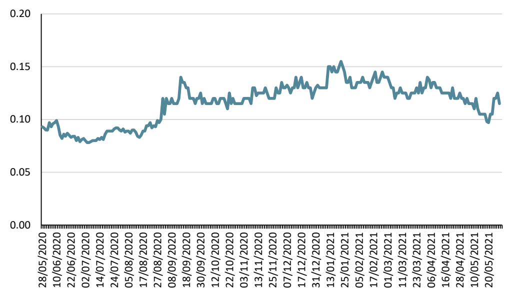
Central Petroleum Limited is the largest onshore gas producer in the Northern Territory, supplying oil and gas from its Mereenie, Palm Valley and Dingo fields to domestic customers in the Northern Territory and the wider Australian east coast market.

www.centralpetroleum.com.au

Stock	ASX: CTP
Price	A$0.12
Market cap	A$87m
Valuation (per share)	A$0.26

Next steps	
June-Sept 21	Range CSG pilot testing
July-Aug 21	Production Ramp-up
Oct 21 – Feb 22	Exploration drilling
2022	Range CSG project FID

CTP share price (A$) – 1 Year



Source: FactSet.

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CTP's Financial Position Improved Further

CTP's financial position has been further strengthened by the transaction. On settlement, debt will be reduced by A$30m and net deferred gas liabilities by A$21m. The transaction will result in net debt being reduced to near zero and interest expense halved. CTP's debt facility is repayable in September 2022.

Post Farm-down Valuation of A$0.26: Further Upside from Exploration Success

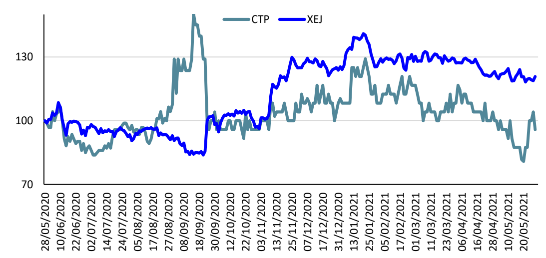
The transaction will accelerate growth and exploration activities at the Amadeus Basin. In addition to the three projects that are involved in the transaction, the Range Gas Project has a significant contingent resource in a basin that has been proven to be able to be brought to production rapidly. Potential drivers of future upside include exploration success, further reserve/resource upgrades, and production start-up. Key risks to the share price include lack of exploration success and east coast gas prices.

Exhibit 1 – Company Summary

Central Petroleum Limited (ASX:CTP) FY June

Ratio Analysis	2018FYA	2019FYA	2020FYA	2021FYE	2022FYE	2023FYE	2024FYE
EPS (A¢)	(2.13)	(2.05)	0.75	1.51	3.00	0.73	1.28
P/E (x)	(6.8)	(6.6)	10.8	7.9	4.0	16.4	9.4
EPS Growth (%)		n/a	-137%	102%	98%	-76%	75%
CFPS (A¢)	0.78	0.35	2.18	2.67	0.91	1.50	2.20
P/CF (x)	18.5	38.9	3.7	4.5	13.2	8.0	5.5
DPS (A¢)	-	-	-	-	-	-	-
Dividend Yield (%)	-	-	-	-	-	-	-
EV / EBITDA (x)	77.2	26.2	3.6	4.9	0.0	0.0	0.0
EV / boe (x)	183.4	85.8	55.5	63.0	0.0	0.0	0.0
EV / PJe (x)	30.7	14.3	9.3	10.5	0.0	0.0	0.0
FCFPS							
FCF Yield (%)							

Relative performance 1Year versus S&P/ASX Energy (XEJ)



Profitability Ratios	2018FYA	2019FYA	2020FYA	2021FYE	2022FYE	2023FYE	2024FYE
EBIT / Sales (%)	-18%	-11%	19%	24%	82%	18%	21%
PBT / Sales (%)	-41%	-24%	8%	17%	68%	13%	20%
Return On Assets (%)	-4%	-4%	8%	9%	19%	8%	9%
Return On Equity (%)	-199%	259%	342%	217%	81%	17%	22%

Liquidity Ratios	2018FYA	2019FYA	2020FYA	2021FYE	2022FYE	2023FYE	2024FYE
Net Debt / Net Debt + Equity (%)	94%	106%	98%	96%	75%	41%	46%
EBIT / Interest (x)	0.7	0.8	-1.7	-3.5	-6.3	-3.5	-283.6
Current (x)	1.8	1.0	1.2	2.0	3.5	2.6	3.5

NET ASSET VALUE (WACC 10.0%)	1 Jul 21	A$m	Risking	A$m	A$ps
Mereenie - OL4 & OL5 (25%)		46	100%	46	0.06
Palm Valley - OL3 (50%)		18	100%	18	0.02
Dingo - L7 & PL30 (50%)		25	100%	25	0.03
Project Range - ATP 2031 (50%)		74	75%	56	0.08
Total Operations		**163**		**145**	**0.20**
Net Cash / (Debt)		4	100%	4	0.01
Admin / Corporate		(22)	100%	(22)	(0.03)
Other / Investments		(4)	100%	(4)	(0.01)
Exploration (risk-adjusted)		60	50%	30	0.04
Mereenie & Palm Valley 2C gas (risked)		20	70%	14	0.02
Dingo Deep & Palm Valley Deep (Prospective, Mean)		39	60%	23	0.03
TOTAL VALUATION		**259**		**190**	**0.26**
Number of Fully Diluted Shares (m)					723
Price / NAV (x)					0.46
Premium / Discount to current share price					-54%

Reserves and Resources As at 1 July 2021*	Working Interest	1P Gas (PJ)	2P Gas (PJ)	1P Liquids (mmbbl)	2P Liquids (mmbbl)	2C Gas (PJ)	2C Liquids (mmbbl)
Mereenie (OL 4 / OL 5)	25%	32.5	43.8	0.4	0.5	45.6	0.0
Palm Valley (OL 3)	50%	12.4	13.8	-	-	6.8	
Dingo (L7)	50%	14.6	18.0	-	-	-	
Range (ATP 2031)	50%	-	-	-	-	135.0	
Total		**59.5**	**75.7**	**0.4**	**0.5**	**187.4**	**0.0**

**Post divestment, announced on 25 May 2021, exclduding FY21 production*

Profit & Loss (A$m)	2018FYA	2019FYA	2020FYA	2021FYE	2022FYE	2023FYE	2024FYE
Oil / Condensate Revenue	9	10	6	5	2	2	2
LPG Revenue	-	-	-	-	-	-	-
Gas Revenue	25	50	59	59	29	40	43
Total Sales	**34**	**59**	**65**	**64**	**32**	**42**	**45**
Operating Costs	(16)	(26)	(29)	(19)	(7)	(12)	(12)
Government Resource Taxes	(3)	(4)	(5)	(5)	(2)	(3)	(3)
Exploration & Development Expenses	(9)	(16)	(5)	(6)	(17)	(4)	(4)
Other Net Income / Expense	(5)	(7)	3	(9)	25	(8)	(8)
EBITDA	**2**	**6**	**29**	**24**	**31**	**14**	**17**
EBITDAX	**11**	**22**	**34**	**31**	**47**	**18**	**21**
Depreciation & Amortisation	(8)	(13)	(16)	(9)	(5)	(7)	(8)
EBIT	(6)	(7)	12	15	26	8	9
Net Interest Expense	(8)	(8)	(7)	(4)	(4)	(2)	0
Pretax Profit	(14)	(15)	5	11	22	5	9
Tax Expense / Benefit	-	-	-	-	-	-	-
Net Attributable Profit	**(14)**	**(15)**	**5**	**11**	**22**	**5**	**9**
Reported Profit	(14)	(15)	5	11	22	5	9

Cash Flow (A$m)	2018FYA	2019FYA	2020FYA	2021FYE	2022FYE	2023FYE	2024FYE
Pretax Profit	(14)	(15)	5	11	22	5	9
D&A	(8)	(13)	(16)	(9)	(5)	(7)	(8)
Tax Paid	-	-	-	-	-	-	-
Cash from Operating Activities	**5**	**2**	**16**	**19**	**7**	**11**	**16**
Development Capex	(3)	(17)	(3)	(13)	(1)	(2)	(2)
Exploration Capex	(5)	(18)	(3)	(7)	-	(5)	(5)
Acquisitions/Other (Net of Sales)	0	-	8	-	29	-	-
Dividends Paid	-	-	-	-	-	-	-
Free Cash Flow	**0**	**(13)**	**20**	**7**	**34**	**8**	**14**
Cash Provided by Financing	21	4	(12)	(4)	(30)	(34)	(1)
Net Change in Cash	**22**	**(9)**	**8**	**3**	**4**	**(25)**	**13**

Balance Sheet (A$m)	2018FYA	2019FYA	2020FYA	2021FYE	2022FYE	2023FYE	2024FYE
Cash & short term deposits	27	18	26	39	43	17	30
Receivables	7	9	7	9	5	6	7
Inventories	4	3	3	3	5	7	10
Property, Plant and Equipment	104	123	108	104	46	43	39
Capitalised exploration	9	9	9	9	9	8	8
Intangibles and Goodwill	4	4	4	4	4	4	4
Other assets	5	3	4	3	25	3	3
Total assets	**159**	**169**	**160**	**171**	**136**	**90**	**101**
Creditors	8	6	5	6	4	6	6
Borrowings	78	82	71	69	34	1	-
Other liabilities	66	87	82	91	70	51	54
Total liabilities	**152**	**174**	**158**	**166**	**109**	**58**	**60**
Shareholder equity	7	(6)	2	5	27	32	41
Shareholder Equity + Total Liabilities	**159**	**169**	**160**	**171**	**136**	**90**	**101**

Assumptions (Yr end Jun)	2018FYA	2019FYA	2020FYA	2021FYE	2022FYE	2023FYE	2024FYE
Brent Oil Price (US$/bbl)	72.7	70.8	46.2	46.0	50.0	50.0	50.0
Exchange Rate (A$1:US$)	0.775	0.715	0.671	0.740	0.700	0.700	0.700
Gas Price (A$/GJ)	5.95	4.75	5.59	5.60	5.60	5.60	5.60

Production	2018FYA	2019FYA	2020FYA	2021FYE	2022FYE	2023FYE	2024FYE
Gas (TJ/d)	15	29	29	29	14	19	20
Gas (PJ)	4.4	10.6	10.6	10.7	5.2	6.8	7.2
LPG (kt)	-	-	-	-	-	-	-
Oil / Condensate (mmbbl)	0.10	0.10	0.09	0.08	0.04	0.03	0.03
Total (mmboe)	**0.84**	**1.87**	**1.86**	**1.86**	**0.90**	**1.17**	**1.23**
Gas (mmboe)	0.73	1.77	1.77	1.78	0.86	1.14	1.20
LPG (mmboe)	-	-	-	-	-	-	-
Oil / Condensate (mmboe)	0.10	0.10	0.09	0.08	0.04	0.03	0.03
Year End Reserves 2P (mmboe)	**29.1**	**25.0**	**27.7**	**25.9**	**25.0**	**23.8**	**22.6**

Source: CTP, MST estimates.

Transaction Details

50% of Sale Assets to Be Acquired, with CTP Retaining Operatorship

Under the binding sale and purchase agreement and other facilitating agreements, NZOG and Cue Energy will acquire 50% of CTP's current working interest in the Sale Assets (Mereenie, Dingo and Palm Valley), with CPT retaining operatorship of the Sale Assets. Interest acquired will be held 70% by subsidiaries of NZOG and 30% by subsidiaries of Cue (NZOG is a 50.04% shareholder of Cue).

The transaction is subject to a variety of customary completion adjustments and conditions precedent. Regulatory and Foreign Investment Review Board approvals are crucial for this deal. NZOG's majority shareholder (Ofer Global) has already confirmed it will vote in favour of the transaction.

Total Consideration

The total consideration after estimated completion adjustments consists of:

- A$29m as an upfront payment
- A$35m as a deferred cash payment (A$40m pre adjustments) allocated to fund CTP's share of an agreed work programme for development and appraisal activities and a committed two-well Exploration Programme planned to commence this year, and certain other near-term development and appraisal activities
- A$21m through an assumption by the NZOG Entities of obligations to supply up to 4.2 PJ of gas (50% interest acquired at the effective date) which has previously been paid for but not delivered under pre-sale or 'take-or-pay' arrangements.

CTP expects the transaction to be valued at circa A$85m to CTP at the expected completion date (Q3CY2021). On completion, CTP will repay A$30m of the principal outstanding under the Macquarie loan facility, reducing the facility balance to ~A$36m.

Additional Features of the Transaction

- NZOG Entities have the right to consider purchasing an interest in the Dingo Satellite Area (DSA) which includes the Orange-3 exploration target should CTP ever seek to sell down a portion of its current 100% interest. This allows NZOG Entities to achieve an equalised interest with CTP across operating assets within the Amadeus Basin.
- The marketing and administration of all the gas produced from the Sale Assets will be managed by CTP.
- CTP and the NZOG Entities will share stamp duty for the transaction equally.

CTP Post Transaction:
Major Exploration Programme and Strong Balance Sheet

The transaction substantially improves CTP's balance sheet while opening up multiple significant exploration opportunities.

Balance Sheet Stronger Post Transaction

The receipt of A$29m in upfront cash and an assumption of A$21m of gas sales obligations will significantly strengthen the balance sheet.

Net debt to near zero

Upon completion of the transaction, CTP will pay off A$30m of debt. The remaining ~A$34m of debt is repayable in September 2022. Net debt post the transaction will be near zero.

Prepaid gas liabilities reduced

NZOG entities will assume obligations to supply up to up to 4.2PJ of gas which have previously been paid for but not delivered. This obligation is reflected as a deferred revenue (other liabilities) liability in CTP's balance sheet and will be reduced from A$44m to A$21m post transaction.

Exhibit 2 – CTP balance sheet, pre- and post-transaction

Balance Sheet (A$m) FY 2022 ProForma	Pre Transaction	Post Transaction	Change
Cash & short term deposits	39	43	4
Receivables	9	5	(4)
Inventories	3	5	2
Property, Plant and Equipment	104	46	(58)
Capitalised exploration	9	9	(0)
Intangibles and Goodwill	4	4	0
Other assets	3	25	22
Total assets	**171**	**136**	**(35)**
Creditors	6	4	(2)
Borrowings	69	34	(35)
Other liabilities	91	70	(21)
Total liabilities	**166**	**109**	**(57)**
Shareholder equity	**5**	27	22
Shareholder Equity + Total Liabilities	**171**	**136**	**(35)**

Source: CTP, MST estimates.

FY2022 Forecasts – Adjusting for Sale of Assets

CTP expect the sale of the assets will occur in Q3 CY2021, and we have adjusted our forecasts accordingly. Exhibit 3 shows our changes to previous forecasts. Key items to note:

FY2021:

- Minor adjustments to exploration expense and operating costs

FY2022:

- Including gain on sale of assets
- Revenue and expenses adjusted for assets at 50% of previous ownership
- Lower interest expense due to debt pay down
- Exploration on PV and Dingo treated as an expense

FY2023:

- Revenue and expenses adjusted for assets at 50% of previous ownership

Exhibit 3 – CTP forecast adjustments due to sale of assets, FY2022 and FY2023

	Pre Transaction			Post Transaction			Change		
Profit & Loss (A$m)	**2021E**	**2022E**	**2023E**	**2021E**	**2022E**	**2023E**	**2021E**	**2022E**	**2023E**
Oil / Condensate Revenue	5	5	5	5	2	2	(0)	(3)	(3)
LPG Revenue	–	–	–	–	–	–	–	–	–
Gas Revenue	59	59	79	59	29	40	–	(29)	(40)
Total Sales	**64**	**64**	**85**	**64**	**32**	**42**	**(0)**	**(32)**	**(43)**
Operating Costs	(21)	(19)	(24)	(19)	(7)	(12)	2	13	12
Government Resource Taxes	(5)	(5)	(6)	(5)	(2)	(3)	0	2	3
Exploration & Development Expenses	(8)	(2)	(4)	(6)	(16)	(4)	1	(13)	–
Other Net Income / Expense	(10)	(10)	(11)	(9)	26	(8)	1	36	3
EBITDA	**20**	**28**	**40**	**24**	**33**	**14**	**4**	**5**	**(26)**
EBITDAX	**28**	**30**	**44**	**31**	**48**	**18**	**3**	**18**	**(26)**
Depreciation & Amortisation	(9)	(10)	(14)	(9)	(5)	(7)	1	5	7
EBIT	11	18	27	15	28	8	5	10	(19)
Net Interest Expense	(4)	(4)	(4)	(4)	(4)	(2)	0	0	2
Pretax Profit	6	14	23	11	24	5	5	10	(18)
Tax Expense / Benefit	–	–	–	–	–	–	–	–	–
Net Attributable Profit	**6**	**14**	**23**	**11**	**24**	**5**	**5**	**10**	**(18)**
Reported Profit	6	14	23	11	24	5	**5**	**10**	**(18)**

Source: MST estimates.

Asset Ownership and Reserves and Resources

The transaction includes CTP's production assets Mereenie, Palm Valley and Dingo. The transaction reduces CTP's ownership by 50% for each of these assets, with reserves and resources booked for these assets reduced in proportion (see Exhibit 4).

Assets Retained Post Transaction

The assets retained by CTP following the transaction are:

- **The Range CSG project - Surat Basin Queensland 50%**
- **Dukas Multi TCF Sub Salt Play 30%**
- **Zevon Multi TCF Sub Salt Play 100%**
- **Dingo Satellite Area (Including Orange 3) 100%**

Exhibit 4 – CTP reserves and resources, pre and post-transaction

Reserves and Resources - Pre Transaction							
Field / Licence	Working Interest	1P Gas (PJ)	2P Gas (PJ)	1P Liquids (mmbbl)	2P Liquids (mmbbl)	2C gas (PJ)	2C Liquids (mmbbl)
Mereenie (OL 4 / OL	50%	69.3	91.8	0.77	0.97	91.2	0.10
Palm Valley (OL 3)	100%	24.7	27.7	–	–	13.7	–
Dingo (L7)	100%	29.3	36.1	–	–	–	–
Range (ATP 2031)	50%			–	–	135.0	
Total		123.3	155.6	0.77	0.97	239.9	0.10

Reserves and Resources - Post Transaction							
Field / Licence	Working Interest	1P Gas (PJ)	2P Gas (PJ)	1P Liquids (mmbbl)	2P Liquids (mmbbl)	2C gas (PJ)	2C Liquids (mmbbl)
Mereenie (OL 4 / OL	25%	32.5	43.8	0.39	0.49	45.60	0.05
Palm Valley (OL 3)	50%	12.4	13.8	–	–	6.8	
Dingo (L7)	50%	14.6	18.0	–	–	–	
Range (ATP 2031)	50%	–	–	–	–	135.0	
Total		59.5	75.7	0.39	0.49	187.4	0.05

Source: CTP

Exploration – Unlocking A$100m Worth of Drilling

The A$40m free carry component has the capacity to unlock gross A$100m worth of exploration and development drilling across the Sale Assets. The potential production increase from this programme would be substantial for CTP. The first two wells of the programme are targeting 96PJ of gas (net to CTP). CTP's new 2P gas reserves are 78PJ.

The programme includes:

Mereenie

- Current four-well re-completion program
- Two new production wells (starting Q2CY21)
- Flare Gas Recovery Project (underway)
- Two new future production wells, subject to approval

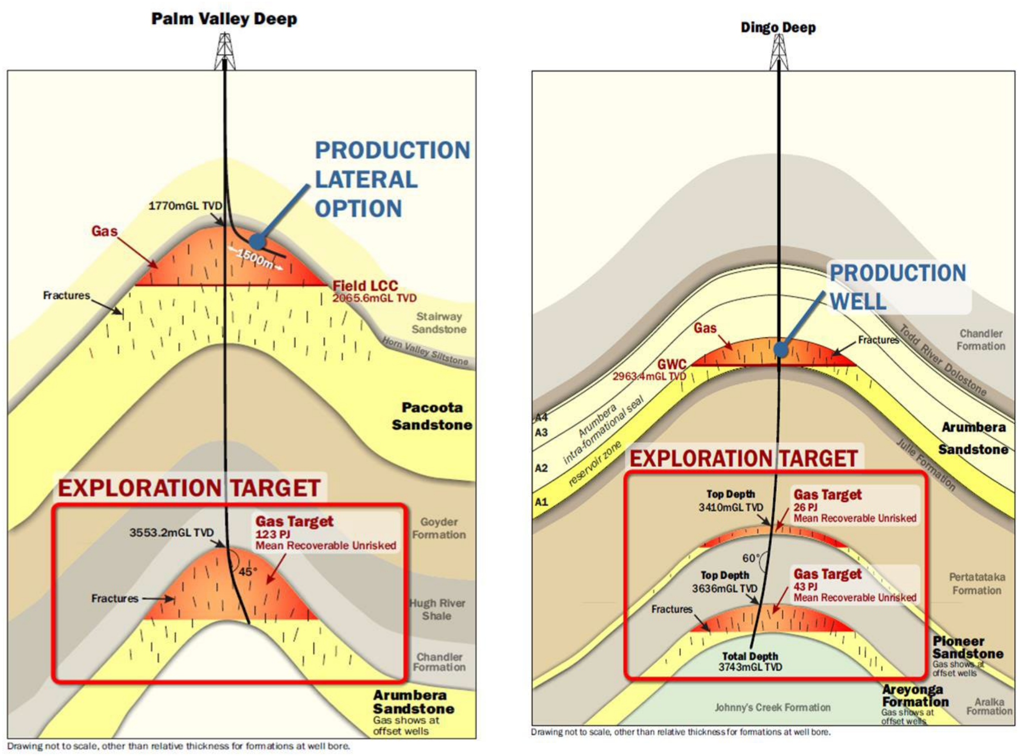
Palm Valley Deep

- Deep exploration well with production lateral (PV12) if exploration target is unsuccessful (starting Q4 CY2021)
- Targeting a mean recoverable volume of 123 PJ in the deep Arumbera Sandstone (61.5 PJ net to CTP)
- The Arumbera Sandstone is the productive interval at the Dingo Field
- 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

- Deep exploration well with option to access existing production formation (starting Q1 CY2022)
- Targeting a mean recoverable volume of 69 PJ (34.5 PJ net to CTP)
- 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

Exhibit 5 – Palm Valley and Dingo Deep Exploration Well



Source: CTP

Strong JV Partners – Interest Aligned

In 2018, Ofer Global were successful in a partial takeover and now own 70% of NZOG. In turn, NZOG is a 50.04% shareholder of Cue.

Ofer Global (O.G. Oil and Gas (Singapore)) Pte Limited

Ofer Global's wide breadth of operations spans across maritime shipping, real estate and hotels, energy, technology and innovation, finance and investments. Its energy business operates under the name O.G. Energy. Ofer is the principal of Omni Offshore Terminals, the largest provider of floating production storage and offloading (FSO & FPSO) assets to the offshore oil and gas industry. Since its establishment in 1990, the company has delivered 23 conversion projects: 2 FPSO and 21 FSO.

In October 2018, Ofer acquired a 40% stake in Beach Energy's Otway Basin assets off the southeast coast of Australia. Ofer seeks to invest in quality projects with high upside potential.

New Zealand Oil & Gas (NZOG)

NZOG is an oil and gas exploration company that is listed on the NZX and ASX. NZOG holds a variety of exploration assets.

The transaction meets all NZOG's strategic objectives. Favourable deal characteristics for NZOG include:

- The acquisition increases NZOG's 2P (proved and probable) reserves by 14.5m barrels of oil. This equates to an almost five-fold increase, with further exploration upside expected.
- The deal aligns with NZOG's strategy for growth by acquiring production.
- The deal will also unlock multiple development and exploration opportunities.
- The deal is based on solid production, with development and exploration upside.
- The assets connect gas into an excellent market in a region NZOG understand.
- The companies are aligned in terms of their scale, culture, values, and technical skillsets.

NZOG's cash position as at 31 March 2021 was NZA$71.4m.

Cue Energy Resources Limited (Cue)

Established in 1981, Cue's portfolio features petroleum assets in Indonesia, New Zealand, and Australia. This deal will see Cue acquire 4.4mmboe of 2P reserves, increasing the company's 2P reserves by more than 350% with further upside potential.

The acquisition aligns with Cue's strategy of investment in onshore assets and the immediate production and future development will add significant value.

Interests in the Mereenie, Palm Valley and Dingo fields will provide a fourth revenue stream for Cue as they have existing sales under long-term contracts into the strong Eastern Australia gas markets. All three fields have existing production and near-term development plans which provide multiple pathways to growth.

Cue can utilise accrued tax losses against profits and production, furthering the value of this deal.

Cue's cash position as at 31 March 2021 was A$17.4m.

Valuation: Current Operations Generate Value, Exploration Programme Presents Significant Upside

Base-Case Valuation of A$0.26 – Further Upside from Exploration

The Amadeus Basin assets provide underlying production, earnings and cash flow from which it can unlock substantial upside potential. This upside is being potentially mis-priced by the equity market.

In addition, the Range Gas Project has a significant contingent resource in a basin that has been proven to be able to be brought to production rapidly.

CTP's cash position, cash flow generation from operating assets and the proposed debt repayment contribute to our strong valuation relative to the current share price.

We consider the new exploration programme of A$100m (gross) to have strong potential to add significant reserves to CTP's portfolio and accelerate additional production.

Valuation methodology: accounting for uncertainty by applying a risk factor to each asset

Valuing oil and gas assets, particularly in the exploration and appraisal stage, is quite a subjective process. A number of uncertainties are at play, as significant test and appraisal works are still to be completed.

We include a risk factor in our valuation of each of the individual assets (see Exhibit 6). We use an individual risk weighting for each asset, allowing us to account for these developments as well as the less certain opportunities for some of the other assets. Production assets are risk weighted at 100%.

Base-case scenario of A$0.26 on SOTP (fully diluted): cash injection, exploration spend offset the reduction in cash flow from selldown of assets, further upside from drilling programme

We have adjusted our base case valuation to reflect the selldown of the assets. The Sale Assets' ownership and associated reserves have been decreased by 50%. Our valuation reflects the reduction in net debt as well as an increased valuation of exploration due to the increased spend on exploration post the transaction. We have also assumed that CTP:

- pursues the full exploration programme with its JV partners on a year-to-year basis, focusing on priority, lower-cost targets
- fully repays the debt in September 2022 (as per the recent 12-month extension of the repayment deadline)
- maintains all other assets at current ownership levels

Exhibit 6 – Base-case valuation summary – fully diluted (A$ per share)

NET ASSET VALUE (WACC 10.0%)	A$m	Risking	A$m	A$ps
Mereenie - OL4 & OL5 (25%)	46	100%	46	0.06
Palm Valley - OL3 (50%)	18	100%	18	0.02
Dingo - L7 & PL30 (50%)	25	100%	25	0.03
Project Range - ATP 2031 (50%)	74	75%	56	0.08
Total Operations	**163**		**145**	**0.20**
Net Cash / (Debt)	4	100%	4	0.01
Admin / Corporate	(22)	100%	(22)	(0.03)
Other / Investments	(4)	100%	(4)	(0.01)
Exploration (risk-adjusted)	60	50%	30	0.04
Mereenie & Palm Valley 2C gas (risked)	20	70%	14	0.02
Dingo Deep & Palm Valley Deep (Prospective, Mean)	39	60%	23	0.03
TOTAL VALUATION	**259**		**190**	**0.26**

Source: MST estimates.

Pre-Transaction Valuation

Exhibit 7 –Pre-Transaction Base-case valuation summary – fully diluted (A$ per share)

NET ASSET VALUE (WACC 10.0%)	A$m	Risking	A$m	A$ps
Mereenie - OL4 & OL5 (50%)	94	100%	94	0.13
Palm Valley - OL3 (100%)	46	100%	46	0.06
Dingo - L7 & PL30 (100%)	51	100%	51	0.07
Project Range - ATP 2031 (50%)	74	50%	37	0.05
Total Operations	**266**		**229**	**0.32**
Net Cash / (Debt)	(31)	100%	(31)	(0.04)
Admin / Corporate	(22)	100%	(22)	(0.03)
Other / Investments	(6)	100%	(6)	(0.01)
Exploration (risk-adjusted)	34	25%	9	0.01
Mereenie & Palm Valley 2C gas (risked)	40	45%	18	0.02
TOTAL VALUATION	**281**		**196**	**0.27**

Source: MST estimates.

Significant Upside Potential, Driven by Multiple Sources

We see strong upside potential to our base-case valuation. The flexibility in the financial position of CTP allows multiple sources of potential upside valuation which can be created by CTP over time.

Potential drivers of future upside include:

- exploration programme – potential to double reserves and increase production and/or life of assets
- early debt repayment
- construction of AMGP – significantly reducing gas transport costs and increasing net received gas price
- increased east coast gas price – our gas price assumptions are consistent with past prices received
- Range Gas Project development – rapid development potential, adds significant cash flow.

CTP's flexible financial position should allow it to maximise the value of these options and add significant upside to our base-case valuation over time.

Positive Catalysts for the Share Price and Valuation

Key catalysts

Exploration success

Exploration remains a priority for the company, and further strong exploration results would be positive for the stock. The implementation of the full exploration programme has the potential to increase the reserves substantially, which in turn adds significant value to the company via increased volumes of production and/or extended asset life.

Progress on the AGMP

The Moomba pipeline represents a significant opportunity for CTP to both increase its volume of sales to the east coast gas market and to reduce transportation costs. We have not assumed any uplift in valuation for the Moomba pipeline.

Increased gas prices

CTP's cash flow and valuation are sensitive to the gas price.

Increased gas volumes from existing assets

Increases in volumes from existing assets through new contracts and/or better performance would directly increase cash flow and valuation.

Development of the Range Gas Project

The Range Gas project in the Surat Basin has strong potential for development. Recent assets developed in the basin indicate strong potential for a rapid start up.

Other catalysts

Australian Government gas policy

Roll outs of initiatives from the Australian Government 'gas-led recovery' policy would be positive for CTP due to the possibility of increased volumes from this policy.

Operational cost savings

Operational cost savings would reflect positively on management and lead to a direct increase in cashflow.

Risks to Share Price and Valuation

Key risks

Exploration disappointment

Exploration success would drive an increase in production and or asset life. However, any delay in exploration programmes or disappointing results would create a risk to that upside.

Amadeus to Moomba pipeline delays

Delays in the progress of the Moomba pipeline would delay the upside potential from increased volumes and lower transportation costs.

Decreased gas prices

CTP's cash flow and valuation are sensitive to the gas price.

Operational issues from existing assets

Operational issues at existing assets would reflect poorly on management and decrease cash flow and valuation.

Lack of progress in the development of the Range Gas Project

The Range Gas project in the Surat Basin has strong potential for development. Any lack of progress would be a risk to the valuation and share price.

Other risks

Increase in operating expenses

Operational cost increases would reflect negatively on management and lead to a direct decrease in cashflow.

Regulatory and moratoria risk

CTP has assets in several jurisdictions. Any changes to relevant legislation may create more onerous conditions (both financially and in terms of management time). Such changes may also impact the company's operational and financial performance.

Appendix: Resources and Reserves

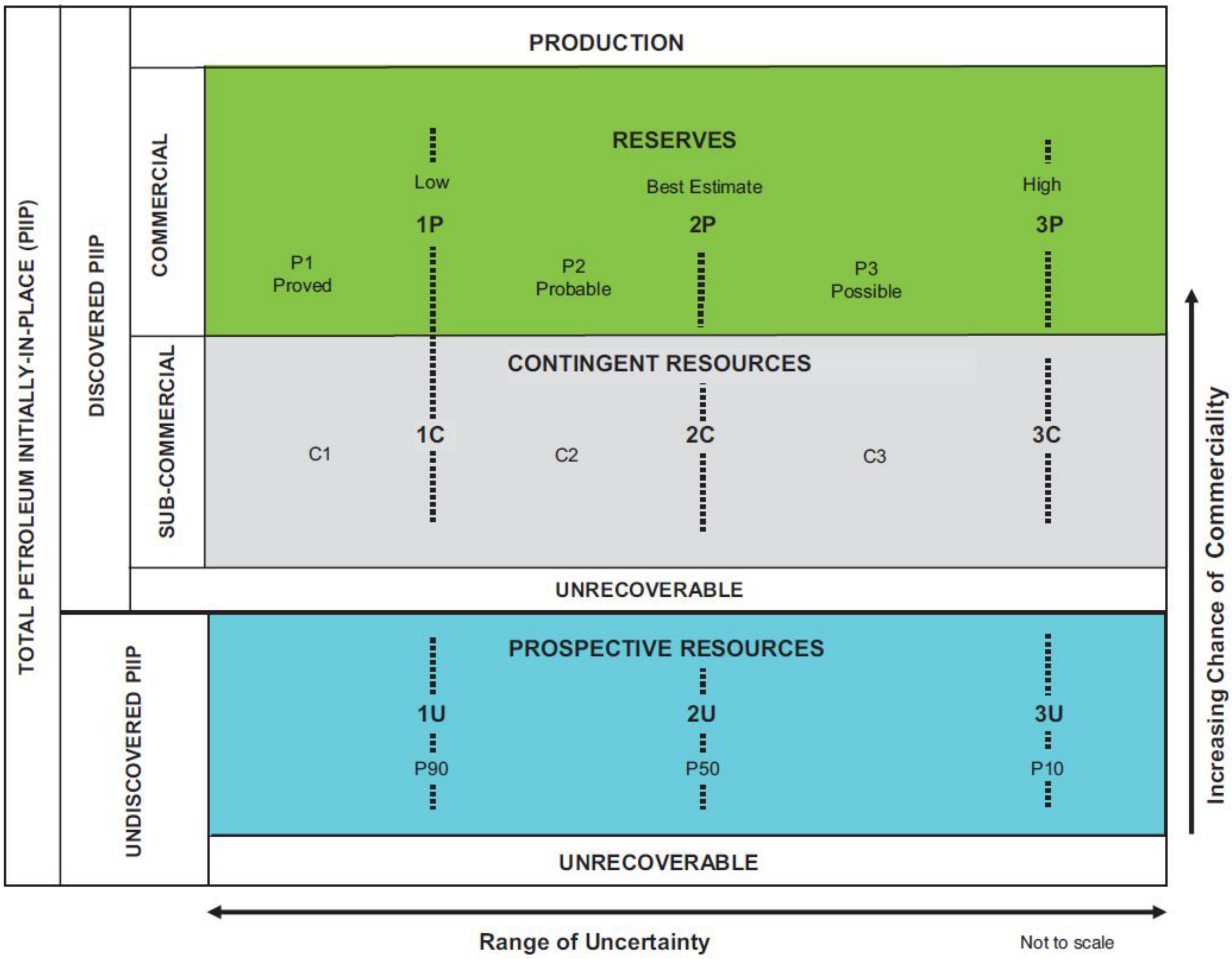
Exhibit 7 shows the three categories into which estimated quantities of potentially recoverable petroleum can be placed: prospective resources, contingent resources and reserves. Within each category, three estimates are designated to describe the range, with greater certainty at the low end and less certainty at the high end.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future projects.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations but where the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies.

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. The categories within reserves, in decreasing certainty, are **proved**, **probable** and **possible**.

Exhibit 8 – Resources and reserves



Source: CTP.

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