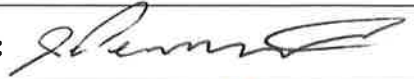




Long Term Incentive Plan (LTIP)

Policy

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1.0 Purpose

The purpose of this document is to outline the Plan Offer terms that apply to the Company's Long Term Incentive Plan (LTIP). The rules will be reviewed by the Managing Director & Chief Executive Officer in consultation with the Board and Remuneration Committee on an annual basis. This LTIP may change so as to align with applicable practices in the marketplace to ensure the LTIP remains sustainable and relevant.

This LTIP must be read with, and is subject to, the ERP Rules.

2.0 Scope

This LTIP Policy applies to the Plan Year starting 1 July 2021 and subsequent years until replaced.

3.0 Responsibilities

3.1 Central Petroleum Board

It is the responsibility of the Board to annually review this LTIP and set the strategic direction priorities and objectives of the Company. The existence of this LTIP does not amend or take away that responsibility and as such the results of the LTIP form part of the Board's deliberation in its decision on the bonus recommendation to be awarded.

3.2 Managing Director & Chief Executive Officer

It is the responsibility of the CEO to extend a Plan Offer to an Eligible Employee to participate in this LTIP. The CEO is also responsible for reviewing this LTIP each year in accordance with the Company's Remuneration Committee's guidelines.

3.3 Employees

Eligible employees are responsible for observing the rules of the LTIP.

4.0 Definitions

Unless expressly stated otherwise, if a word or term is defined in the ERP Rules and is used in this document, it has the meaning given to that term in the ERP Rules and, unless the context otherwise requires, the following definitions shall apply:

CEO: the Managing Director & Chief Executive Officer of the Company

Company: Central Petroleum Limited

Change of Control Event means the occurrence of any of the following:

- (a) any person, either alone or together with any associate (as defined in the Corporations Act), acquires a relevant interest (as defined in the Corporations Act) in more than fifty percent (50%) of the issued Shares in the Company as a result of a takeover bid;
- (b) any person, either alone or together with any associate (as defined in the Corporations Act), acquires a relevant interest (as defined in the Corporations Act) in more than fifty percent (50%) of the issued Shares in the Company through a scheme of arrangement;
- (c) any other similar event (including a merger of the Company with another company, where a person, either alone or together with any associate (as defined in the Corporations Act), becomes a legal or beneficial owner of more than 50% of the issued Shares in the Company or where a person, either alone or together with any associate (as defined in the Corporations Act), becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued Shares in the Company) which the Board determines, in its absolute discretion, to be a Change of Control Event.

Eligible Employee: All Full Time or Part Time employees (excluding the Non – Executive Directors and other employees who are not eligible to participate).

ERP Rules: Central Petroleum Limited Employee Rights Plan Rules approved by the Company's shareholders on 14 November 2018.

Group Company: means any one of the Company or its Related Body Corporate from time to time.

Performance Period: Is the three (3) year period commencing at the start of the Plan Year and ending 30 June three (3) years later.

Plan Year: The year commencing July 1 and ending June 30 the following year.

Serious Misconduct: Such conduct which would permit the Company to terminate the Eligible Employee's employment with the Company, including (without limitation) any Gross Misconduct (as defined in the employment agreement).

Trading Day: Has the meaning given to that term in the listing rules of the ASX.

Uncontrollable event: means death, Permanent Disablement, Retirement, redundancy, or such other circumstances which result in a Participant leaving the employment of the Group and which the Board determines is an Uncontrollable Event.

Unvested Share Right: means a Share Right in respect of which the conditions in clause 5.1 of the ERP Rules, have not been satisfied and have not been waived (Share Rights will become capable of exercise if the Performance Criteria prescribed in a Plan Offer in respect of those Share Rights have been satisfied or waived by the Board prior to the Expiry Date).

Vesting Date: The effective date on which measurement of Performance Criteria is made and any applicable Unvested Share Rights vest into Share Rights. The Vesting Date is the last day of the Performance Period.

VWAP: The arithmetic average rounded to the nearest full cent of the daily volume weighted average sale price of Company Shares sold on the ASX for the period of 20 Trading Days on which Company Shares are traded on the ASX ending on the Trading Day prior to 30 June, calculated using the Bloomberg page "AQR" or, if that page is unavailable or has been discontinued, calculated by ASX using its standard method of calculation.

5.0 Eligibility to Participate

Eligibility in the LTI Plan is by invitation at the discretion of the CEO for Employees consistent with the Company's Remuneration Committee guidelines. New Eligible Employees invited to participate shall receive a Plan Offer separate to their employment contract indicating their involvement in the ERP Plan and LTIP reward opportunity.

In respect of a Plan Year:

- a) Eligible Employees employed as at July 1st will be eligible to participate from July 1st;
- b) Eligible Employees who join the Company during the Plan Year before 1 April may be eligible to participate in the LTIP for that Plan Year on a pro-rata basis; and
- c) Eligible Employees who join the Company in the months of April, May or June will not be eligible to receive a Plan Offer and may become an Eligible Employee in the following Plan Year.

Eligible Employees must still be in the employment of the Company as at the Vesting Date (subject to a Change in Control Event or the Board determines in its absolute discretion that a Change of Control Event is likely to occur (see section 5.4 below) or Uncontrollable Event (see section 7.0 below)), otherwise any Unvested Share Rights will not vest and as such will be forfeited (i.e. all of an Eligible Employee's Unvested Share Rights which have not vested as at the Vesting Date shall be forfeited upon the Employee ceasing employment with the Company).

5.1 Changes to the LTI Plan

Neither the Board nor the Company guarantee any payment from this LTIP nor do they guarantee any performance level of the Company in future years. If there is a change as a result of this, Eligible Employees participating in the LTIP will be notified.

5.2 Changes to Employee circumstances

There are a number of circumstances that may arise which will affect the LTIP calculation at the end of the Plan Year. These include but are not limited to:

5.3 Leave

Where periods of leave taken during a Plan Year, including paid or unpaid leave, exceed eight (8) weeks the LTIP award for that Plan Year will be pro-rated to take account the absence from work.

5.4 Change of Control

In circumstances the Company is subject to a Change of Control Event, or the Board determines in its absolute discretion that a Change of Control Event is likely to occur:

- (a) all of a Participant's Unvested Share Rights (for the current and any previous Plan Year) will have any and all Performance Criteria waived and will immediately vest at 100% in which case Shares will be allocated subject to the valid exercise of those Share Rights in accordance with clause 5.2 of the ERP Rules;
- (b) if a Plan Offer expressly states that Future Share Rights apply to the Eligible Employee for the purposes of this section 5.4(b), it will be subject to the sole and absolute discretion of a majority of the existing Directors of the Board (being those Directors of the Board prior to: (i) the commencement of the Change of Control Event; or (ii) the time of the Board's determination that a Change in Control Event is likely to occur (and in the case of a tied vote of such Directors, the Chairman appointed among them shall have a casting vote)), to approve to issue the Future Share Rights. Any Future Share Rights will have any and all Performance Criteria waived and will immediately vest at 100% in which case Shares will be allocated subject to the valid exercise of those Share Rights in accordance with clause 5.2 of the ERP Rules; and
- (c) Unexercised Share Rights will not be replaced and will not lapse.

In the circumstance where the Company is subject to a Change of Control Event, or the Board determines in its absolute discretion that a change of Control Event is likely to occur, subject to the approval of a majority of the existing Directors of the Board (being those Directors of the Board prior to: (i) the commencement of the Change of Control Event; or (ii) the time of the Board's determination that a change of Control Event is likely to occur (and in the case of a tied vote of such Directors, the Chairman appointed among them shall have a casting vote)), the cash value of the Share Rights (which for the avoidance of doubt may include, without limitation, Future Share Rights) which have not been exercised in accordance with clause 5.2 of the ERP Rules will be payable to the Participant in cash the earlier of 30 days from the Change of Control Event, or the Board's determination that a change of Control Event is likely to occur.

6.0 Disqualification of LTIP Benefit

In addition to clause 6 of the ERP Rules, if an Eligible Employee is terminated by the Company for Serious Misconduct then all Unvested Share Rights will be immediately forfeited.

If an Eligible Employee ceases to be eligible through being demoted, transferred to, or chooses a role in the Company not eligible to participate in the LTIP then the benefit to Unvested Share Rights previously granted will be managed as follows:

- Unvested Share Rights granted in the previous Plan Year(s) will be available; and
- Unvested Share Rights granted in the current Plan Year will be forfeited.

Where an Eligible Employee is underperforming, as determined by their Manager, the Eligible Employee may be suspended from the LTIP for such periods as the CEO determines. Where this occurs the Share Rights for that Plan Year will be adjusted downwards on a pro-rated basis to take account of the period under suspension.

Where an Eligible Employee contravenes the Company's Code of Conduct or commits Serious Misconduct to an extent that is deemed significant by the Board but does not warrant, or did not result in termination, then the Board may disqualify some or all Share Rights for that Plan Year. The decision of how many Share Rights to disqualify is at the sole and absolute discretion of the Board.

7.0 Unexpected Situations

Where an Eligible Employee ceases to be an Employee due to an Uncontrollable Event, then the number of Unvested Share Rights that have been granted but not vested at the time of the Uncontrollable Event will be adjusted downwards on a pro-rata basis based on the commencement of the Plan Year in respect of which Unvested Share Rights were granted to the date the Eligible Employee ceased to be an Employee. No other terms and conditions of the Unvested Share Rights will be affected including when, and the number of the Unvested Share Rights which may be due to vest at the end of the Performance Period, in accordance with this LTIP with all other LTIP calculations.

8.0 Financial Advice

Nothing in this document should be construed as financial or tax advice.

Any advice given by the Company in relation to Share Rights offered under the ERP with LTIP coverage does not take into account personal objectives, financial situation and needs. Acquiring and holding Share Rights or Shares in the Company is subject to a number of investment risks. Some of these risks, including market, liquidity, credit, operational, legal and regulatory risks, could be substantial and are inherent in investing in the business of the Company. Eligible Employees should consider obtaining their own financial product advice from a person who is licensed by ASIC to give such advice.

9.0 Rights Granted

Effective 1 July of the Plan Year, Eligible Employees will have their Unvested Share Rights calculated and granted based on their LTIP Reward Opportunity.

An Eligible Employee must duly complete, sign and return to the Company a Plan Acceptance Form in respect of the Plan Offer by no later than 14 days after receipt of the offer by the Eligible Employee (being the Plan Acceptance Date).

Eligible Employee Unvested Share Rights under this LTIP will typically be granted on an annual basis on the Company's receipt of a completed Plan Acceptance Form, in the first quarter following the commencement of the Plan Year.

10.0 LTIP Reward Opportunity

This LTIP provides a reward opportunity for Eligible Employees which includes participation in the Central Petroleum \$1,000 Exempt Plan.

Conditions of the Central Petroleum \$1,000 Exempt Plan include:

- (a) Share Rights can only be dealt with upon vesting at the end of the three year service period; and
- (b) No performance conditions apply.

11.0 Miscellaneous

11.1 Bound by Rules and Constitution

Participants provided Company Unvested Share Rights or Share Rights under this LTIP are bound by this LTIP, the ERP Rules and the Constitution of the Company.

11.2 Compliance with law

Despite the terms of this LTIP, nothing is required to be done under this LTIP if it would contravene the *Corporations Act 2001* (Cth) and its associated regulations, the Listing Rules (if applicable) or any law or regulation of any applicable jurisdiction.

11.3 Waivers, remedies and enforceability

No failure or delay by the Company in exercising any right, power or remedy under this LTIP operates as a waiver. The rights, powers and remedies of the Company under this LTIP are cumulative and do not exclude those provided by law.

If at any time any provision of this LTIP is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity and enforceability of that provision under the law of any other jurisdiction, and of the remaining provisions of this LTIP, are not affected or impaired thereby.

11.4 Governing law

This LTIP is governed by and construed in accordance with the laws of Queensland.

11.5 Assignment

Eligible Employees or Participants must not assign any of their rights or transfer any of their obligations under this LTIP (unless the Board otherwise determines).

11.6 Notices

Any notice required to be given by the Company to an Eligible Employee or Participant or any correspondence to be made between the Company and an Eligible Employee or Participant may be given or made by the Board or its delegate on behalf of the Company.

11.7 Effect on employment and other acknowledgements

- a) Participation in this LTIP does not affect an Eligible Employee's or Participant's terms of employment or appointment with any Group Company. In particular, participation in this LTIP does not detract from any right any Group Company may have to terminate the employment or appointment of an Eligible Employee or Participant.
- b) Participation in this LTIP, or the provision of any Company security, does not form part of an Eligible Employee's or Participant's remuneration for the purposes of determining payments in lieu of notice of termination of employment, severance payments, leave entitlements, or any other compensation payable to an Eligible Employee or Participant upon the termination of employment (unless the Board otherwise determines).
- c) By accepting a Plan Offer, the Eligible Employee or Participant also acknowledges that:
 - i) they are employed by a company which has a Board that (and not employees) is responsible for corporate governance oversight and setting strategic direction of the Company including its objectives and priorities;
 - ii) this LTIP is established voluntarily by the Company, it is discretionary in nature. It may be modified, suspended or terminated by the Company at any time;
 - iii) participation in this LTIP is voluntary and occasional and does not create any contractual or other right to future participation in this LTIP, or benefits in lieu of participation in this LTIP, even if participation is offered repeatedly;
 - iv) all decisions with respect to future participation in this LTIP, if any, will be at the sole and absolute discretion of the Company;
 - v) an Eligible Employee's or Participant's participation in this LTIP shall not create a right to further employment with his or her employer;
 - vi) Company securities acquired pursuant to this LTIP are extraordinary items that do not constitute compensation of any kind for services of any kind rendered

to any Group Company, and which are outside the scope of the an Eligible Employee's or Participant's employee's employment contract, if any;

- vii) the future value of the underlying Company securities is unknown and cannot be predicted with certainty and the Company securities may increase or decrease in value, even below the issue or exercise price; and
- viii) the participating employee will have no entitlement to compensation or damages as a result of any loss or diminution in value of Company securities or any other rights acquired pursuant to this LTIP, including, without limitation, as a result of the termination of an Eligible Employee's or Participant's employment by the Company or any Group Company or other affiliate for any reason whatsoever and whether or not in breach of contract, and, upon commencing participation in this LTIP, an Eligible Employee or Participant will be deemed irrevocably to have waived any such entitlement as might arise.

11.8 Overseas requirements

The Board may impose any other requirements in respect of any Company securities provided under this LTIP to any an Eligible Employee or Participant who is situated outside of Australia as it thinks necessary or desirable to comply with applicable laws, regulations or otherwise from time to time.