CTP Looks to its Future

Last year's Palm Valley Deeps exploration was expensive and ultimately unsuccessful but was partly offset with the successful appraisal and completion of the shallower Palm Valley well, which is now a producer and selling into the spot gas market. The prize was ultimately much smaller than the company had anticipated, culminating in a strategic review, looking to its future to assess if there is a different path it can take to unlock value from its portfolio of assets in the Northern Territory and Queensland.

Government Policy Changes the Gas Market

In December 2022, the gas market was thrown an industry "curve ball" with the Federal Government introducing a 12-month gas price cap and a mandatory code of conduct for the wholesale gas market including a reasonable pricing provision. The policy has thrown uncertainty into the gas markets and the gas industry remains unclear as to how pricing and the investment horizon will look beyond 2023.

Strategic Review Rolls On

The strategic review of the company's portfolio commenced around September 2022, "to assess options for the Company's extensive portfolio of exploration, appraisal and production assets and examine further opportunities in the context of the current market and capital landscape". The strategic review began in gas market conditions that were seeing historically high global and East Coast spot prices and supply constraints driven predominantly by the Russian Ukraine war, but has had to reset given the government policy change and the market and investment uncertainty created by that. Despite this uncertainty, the listed gas market has seen an increase in corporate activity. With gas demand forecast to remain strong and prices likely to remain higher than historical levels, we view that CTP still has several options open to them with the potential to unlock undervalued assets. The company continues "business as usual" while the strategic review is ongoing seeking to maximise cash generation from the existing assets.

Pipeline Outage Makes for a Tough Quarter Next One Looks Better

The Northern Gas Pipeline (NGP) eastbound gas transport was suspended in the December quarter due to lower Blacktip production. CTP was unable to deliver gas into the higher priced East Coast Gas Market, having a negative effect for the quarter on production, pricing, cash flow and debt repayment. The NGP reopened from mid-December and the Palm Valley volumes are now double that of November due to the contribution from the new production well.

Valuation A$0.22/Share (Previous A$0.27)

Our risked valuation is A$0.22/share. We have reviewed our production and pricing forecasts, capital requirements and exploration expenses. We have also reviewed our valuation of the Range CSG project in Queensland given company commentary about the pilot well's performance. Despite our valuation decrease we still see unrecognised value in the CTP Portfolio and see potential value recognition from increased production, exploration success, the ongoing strategic review and / or continuing corporate activity in the Australian gas sector. Key risks include continuing government gas policy uncertainty, lack of strategic review progress and Range Gas performance.

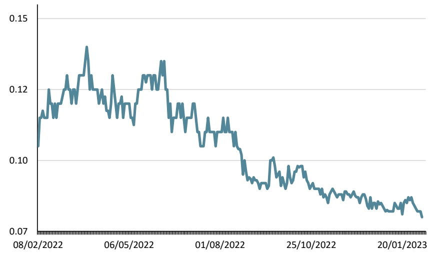
Central Petroleum (CTP) is the NT's largest onshore gas operator, with a portfolio of gas and oil assets focused on the Amadeus Basin and a significant coal seam gas (CSG) project in Queensland's Surat Basin. Its strategy is to unlock and commercialise the vast energy potential of the Central Australian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

www.centralpetroleum.com.au

Stock	ASX: CTP
Price	A$0.075
Market cap	A$56m
Valuation	A$0.22 (previously. A$0.27)

Next steps	
Early 2023	Strategic Review
1H 2023	Mereenie well recompletions
Mid 2023	New Mereenie production wells
2H 2023	Sub-salt exploration drilling
Ongoing	Range Gas production test

CTP share price (A$) – 1 Year



Source:FactSet.

Michael Bentley
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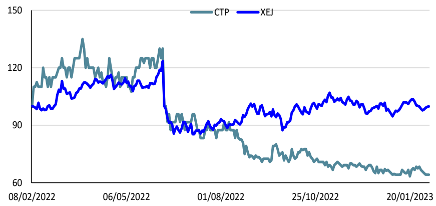
Exhibit 1 – Company summary (year-end 30 June)

Central Petroleum Limited (ASX:CTP)

Share Price	A$/sh	0.08
52 week high/low	A$/sh	0.15/0.08
Valuation	A$/sh	0.22
Market Cap (A$m)	A$m	56
Net Cash / (Debt) (A$m)	A$m	(17)
Enterprise Value (A$m)	A$m	73
Shares on Issue	m	729.26
Options/Performance shares	m	44.97
Potential Diluted Shares on Issue	m	774.24

CTP Relative to XEJ 12 months



Ratio Analysis	2020A	2021A	2022A	2023	2024
EPS (A¢)	0.75	0.03	2.88	(0.06)	1.36
P/E (x)	10.8	345.4	3.8	(126.5)	5.7
EPS Growth (%)		-95%	8398%	n/a	-2334%
CFPS (A¢)	2.18	3.26	0.49	0.46	2.14
P/CF (x)	3.7	3.6	22.4	16.9	3.6
DPS (A¢)	–	–	–	–	–
Dividend Yield (%)	–	–	–	–	–
EV / EBITDA (x)	3.7	6.2	2.8	8.0	3.4
EV / boe (x)	52.7	66.6	98.8	77.4	66.7
EV / PJe (x)	8.8	11.1	16.5	12.9	11.1

Assumptions (Yr end Jun)	2020A	2021A	2022A	2023	2024
Brent Oil Price (US$/bbl)	49.51	52.80	88.76	85.0	79.1
Exchange Rate (A$1:US$)	0.671	0.747	0.725	0.700	0.700
Gas Price (A$/GJ)	5.34	5.81	7.07	7.00	7.65

Production	2020A	2021A	2022A	2023	2024
Gas (TJ/d)	31	27	13	14	15
Gas (PJ)	11.3	9.8	5.2	4.9	5.6
LPG (kt)	–	–	–	–	–
Oil / Condensate (mmbbl)	0.09	0.08	0.04	0.04	0.03
Total (mmboe)	**1.96**	**1.72**	**0.90**	**0.85**	**0.97**
Gas (mmboe)	1.88	1.64	0.86	0.81	0.94
LPG (mmboe)	–	–	–	–	–
Oil / Condensate (mmboe)	0.09	0.08	0.04	0.04	0.03
Year End Reserves 2P (mmboe)	**27.7**	**26.1**	**12.6**	**11.8**	**10.8**

Reserves and Resources As at 30 June 2022	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%	30.5	39.2	0.4	0.4	45.6	0.1
Palm Valley (OL 3)	50%	11.3	12.7	–	–	6.8	
Dingo (L7)	50%	16.2	19.0	–	–	–	
Range (ATP 2031)	50%	–	–	–	–	135.1	
Total		**58.0**	**71.0**	**0.4**	**0.4**	**187.5**	**0.1**

NPV	A$m	Risking	A$m	A$ps
Mereenie - OL4 & OL5 (25%)	62	100%	62	0.09
Palm Valley - OL3 (50%)	33	100%	33	0.05
Dingo - L7 & PL30 (50%)	31	100%	31	0.04
Project Range - ATP 2031 (50%)	102	20%	20	0.03
Total Operations	**228**		**146**	**0.21**
Net Cash / (Debt)	(17)	100%	(17)	(0.01)
Admin / Corporate / Other	(36)	100%	(36)	(0.05)
Exploration (inc Hydrogen / Helium) (risk-adjusted)	56	50%	28	0.04
Mereenie & Palm Valley 2C gas (risked)	40	50%	20	0.03
Dingo Deep & Palm Valley Deep (Prospective, Best)	47	0%	–	–
TOTAL VALUATION	**318**		**142**	**0.22**

Profit & Loss (A$m)	2020A	2021A	2022A	2023	2024
Oil / Condensate Revenue	6	5	6	4	4
LPG Revenue	–	–	–	–	–
Gas Revenue	58	54	36	34	43
Total Sales	**65**	**60**	**42**	**38**	**47**
Operating Costs	(29)	(24)	(18)	(10)	(12)
Government Resource Taxes	(5)	(4)	(3)	(3)	(4)
Exploration & Development Expenses	(5)	(8)	(21)	(9)	(4)
Other Net Income / Expense	2	(5)	33	(8)	(8)
EBITDA	**28**	**18**	**32**	**8**	**19**
EBITDAX	**33**	**26**	**16**	**17**	**23**
Depreciation & Amortisation	(16)	(13)	(7)	(6)	(7)
EBIT	12	6	26	2	12
Net Interest Expense	(6)	(6)	(4)	(3)	(2)
Pretax Profit	5	0	21	(0)	10
Tax Expense / Benefit	–	–	–	–	–
Net Attributable Profit	**5**	**0**	**21**	**(0)**	**10**
Reported Profit	5	0	21	(0)	10

Cash Flow (A$m)	2020A	2021A	2022A	2023	2024
Pretax Profit	5	0	21	(0)	10
D&A & Other Non-Cash Items	10	24	(18)	4	6
Tax Paid	–	–	–	–	–
Cash from Operating Activities	**16**	**24**	**4**	**3**	**16**
Development Capex	(3)	(6)	(11)	(4)	(15)
Exploration Capex	(3)	(5)	(10)	(11)	(6)
Acquisitions/Other (Net of Sales)	8	0	28	–	–
Dividends Paid	–	–	–	–	–
Free Cash Flow	**20**	**16**	**21**	**(0)**	**1**
Cash Provided by Financing	(12)	(5)	(37)	(3)	(3)
Net Change in Cash	**8**	**11**	**(16)**	**(4)**	**(3)**

Balance Sheet (A$m)	2020A	2021A	2022A	2023	2024
Cash & short term deposits	26	37	22	18	15
Receivables	7	7	27	5	6
Inventories	3	2	4	6	8
Property, Plant and Equipment	108	54	54	53	62
Capitalised exploration	9	8	8	7	6
Intangibles and Goodwill	4	2	2	2	2
Other assets	4	64	5	5	5
Total assets	**160**	**174**	**122**	**95**	**105**
Creditors	5	10	14	7	9
Borrowings	71	67	31	23	20
Other liabilities	82	93	51	39	40
Total liabilities	**158**	**170**	**96**	**69**	**69**
Shareholder equity	2	4	27	26	36
Shareholder Equity + Total Liabilities	160	174	122	95	105

Source: CTP, MST estimates.

Looking to the Future – Strategic Review and a Changed Market

Setting the Scene - Last Year's Drilling Program Didn't Turn Out as Expected

Palm Valley Deeps Unsuccessful and Expensive

CTP's drilling and appraisal program in 2022 was implemented to add resources and production. The free-carry program (as a result of the farm-out of 50% of production assets to New Zealand Oil and Gas and Cue Energy) commenced in April 2022 with the Palm Valley 12 (PV12) deep exploration well. The primary target was the Arumbera Sandstone at a depth of 3,560m. The vertical PV12 well intersected a major fracture zone within the lower P2 Sandstone which resulted in total lost circulation while drilling. In addition to the drilling difficulties, costs (particularly diesel) had increased since the plan was originally created. Having reached a depth of 2,335m, it was decided to replace the original PV Deep target with the shallower P2/P3 target at a depth of approximately 2,060m. Overall the well took ~210 days to drill and was not successful. A combination of the presence of formation water and the absence of significant gas flows during drilling led to a decision to abandon further drilling in the lower P2 and P3 sidetrack. The material cost over-runs negated further planned drilling of deep gas targets.

Third Option for PV Drilling – the Producing P1 Formation – Drilling Success and Tied In

As was always planned, the fall-back option for the PV12 well was to drill a lateral well into the P1 formation. The P1 formation is the producing formation at Palm Valley. The lateral well in the P1 formation was successful and was tied into existing Palm Valley facilities and has been flowing gas to customers from late November. The well has flowed gas in excess of 11 TJ per day, well above pre-drilling expectations. This well has boosted gas production at Palm Valley from 5.5 TJ/d towards the facility maximum of 15 TJ/d in January and gas production is being sold into east coast gas markets.

What's Left of the Free Carry

Under the free-carry arrangements relating to the partial asset sale, the new joint ventures at Mereenie, Palm Valley and Dingo agreed to pay $40m of CTP's share of certain future exploration and development costs in those fields. At the end of December, $3.4m remained available for future use. We expect that this will be utilised towards additional production-enhancing projects at Mereenie this year

A Strategic Review Was the Result – But it's a Different Market Now

The prize was ultimately much smaller than the company had anticipated, culminating in a strategic review, looking to its future to assess if there is a different path it can take to unlock value from its portfolio of assets in the Northern Territory and Queensland.

The strategic review of the company's portfolio commenced in September 2022, "to assess options for the Company's extensive portfolio of exploration, appraisal and production assets and examine further opportunities in the context of the current market and capital landscape".

The strategic review began in gas market conditions that were seeing historically high global and East Coast spot prices and supply constraints driven predominantly by the Russian Ukraine war and disruptions to domestic coal-fired power generation capacity. The market has had to reset given the government market intervention and the resulting investment uncertainty.

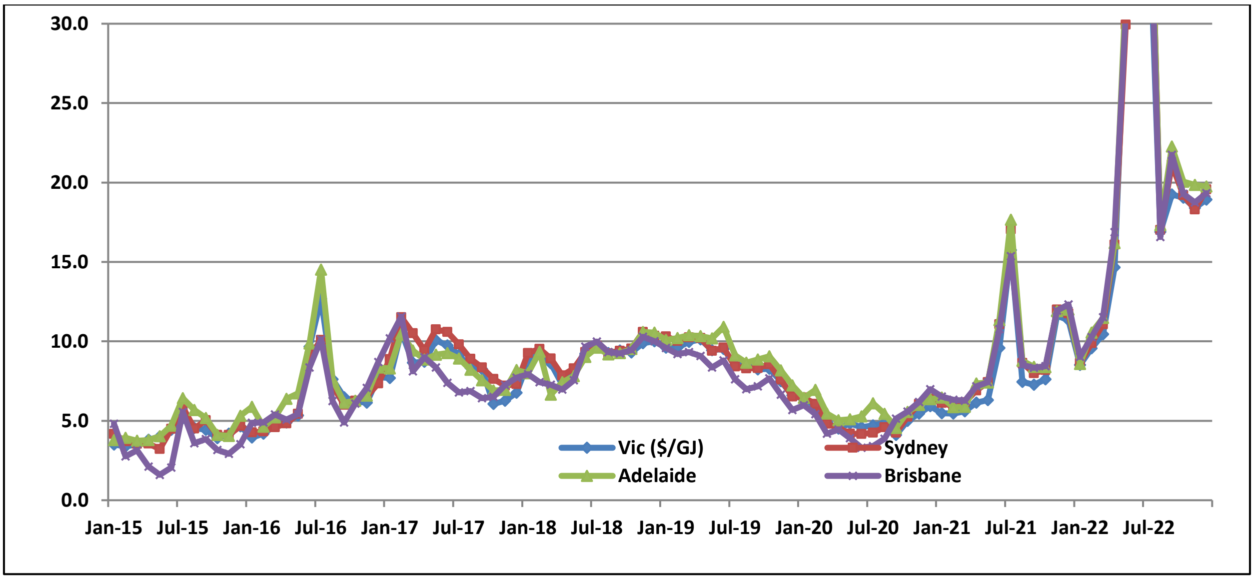
The Government Policy – What's it Mean….? Uncertainty

New rules over-ride supply and demand fundamentals

On 23 December 2022, the Federal Government intervened into the upstream gas market, with a set of rules that in our view were hastily convened, with no consultation with industry participants, and has charged the ACCC with administering them.

East coast gas prices at each of the main city gates are shown in Exhibit 2. The very high prices that prevailed in mid 2022 are abnormal in a historical context but these are spot prices which by definition reflect the marginal market, not the average market. Spot volumes are typically 8-12% of the total market, with the rest contracted long-term, at prices far lower as is evident in actual producer realisations in Exhibit 2.

Exhibit 2 – East Coast whole-sale spot price (Monthly average)-A$/GJ



Source: ACCC, AEMO STTM.

The high prices in 2022 prompted the Government to act, but not in a way that we think is constructive for producers and consumers longer term. The price spike in 2022 has been variously blamed on war in Ukraine and global LNG prices and disruptions to domestic coal-fired electricity generation, but in any event would not have occurred if there had been adequate supply. The ACCC, AEMO, and various industry bodies had been warning for many years, of a tightening in the east coast gas markets. Failure of supply to keep pace with demand, and increasingly, variable requirements for gas-fired power to counter unreliable renewables power, created a tight market which lack supply-side flexibility to satisfy variable demand.

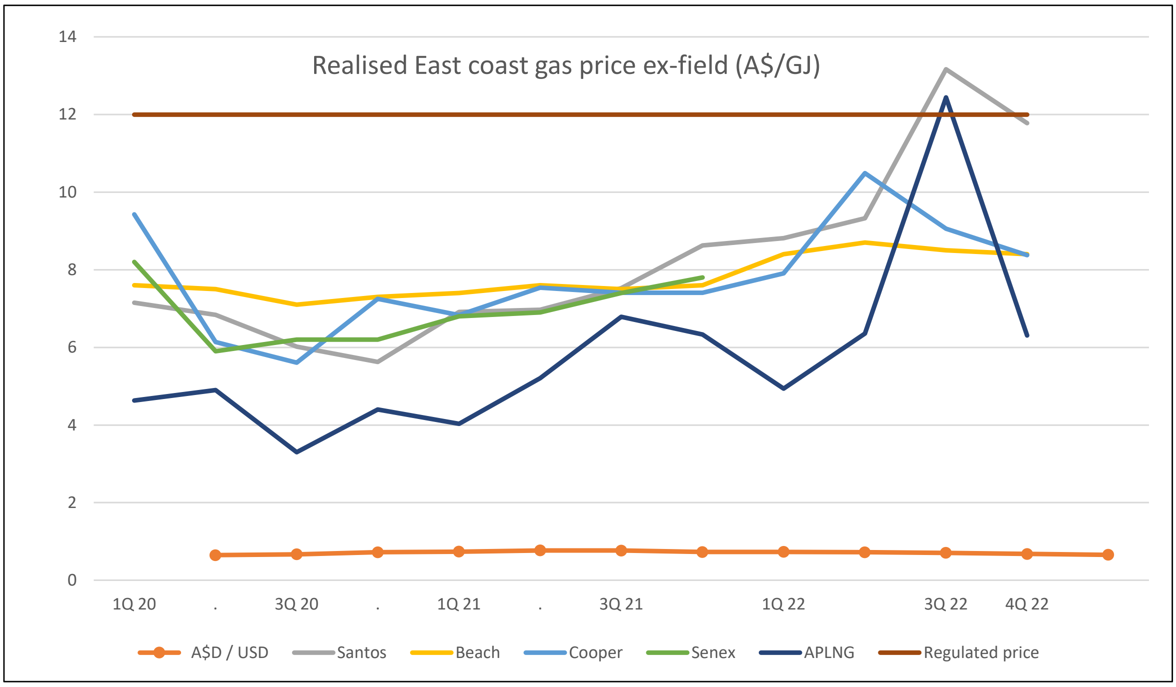
$12 is an OK Price but it Ignores Many Gas Market Practicalities

A few years ago, $12/GJ would have been seen as a "good" price (depending on delivery point). Average prices for east coast producers at the point of sale (Moomba, Wallumbilla, Iona or Orbost) are lower, and even the ACCC's own monitoring of contract bids and offers shows prices for contracts which are predominantly less than this.

Competitive markets are wary of regulatory intervention, and many developing nations have energy market controls or domestic market prioritisation schemes in some shape or form. It's not a dooms-day scenario nevertheless producers needing to commit large sums for long-dated projects need certainty that the rules won't keep changing.

Specifically for CTP, is portfolio average gas price in the December quarter 2002 was A$6.78/GJ, lower than peer company realisations as shown in Exhibit 3.

Exhibit 3 – Producer average quarterly realised east coast gas prices (A$/GJ)



Source: Compiled from company reports

Summary of the New Rules.

There are four key elements to the new rules

1. A price cap of $12/GJ to apply to new wholesale gas contracts from fields which are already in production with the price prevailing at specific gas gathering hubs, being Moomba in SA and Wallumbilla in Qld. Gas contracted before 2023 is exempt. Gas from future exploration is not affected but instead will be subject to the "reasonable price" test (which remains undefined).
2. "Gaming" the price via charges for other services, or other activities deemed non-compliant could result in severe penalties, of A$50m, or 3X the "opportunity gained" as assessed by the ACCC, or 30% of the participants east gas annual gas revenue in the event any breach of the rules cannot be quantified.
3. ACCC to determine a "reasonable" price for production resulting from future exploration. Details as to how this price is to be determined are to be advised, but according to the ACCC are to be set on a case-by-case basis.
4. Exceptions and exemptions may be granted to producers or consumers, at the ACCC's determination.
5. Short term trading hubs, where spot prices may be higher or lower, are to continue as a mechanism to address short term system imbalances.

There are already practical commercial aspects of the current spot and contract market that need to be clarified and resolved. For example, take/pay contracts, premiums for flex, discounts for interruptable supply, value for flexible supply, and premiums for guaranteed delivery, all of which are to be better defined.

Gas fields and gas plants are most efficient when run at a steady rate, however customer needs are variable. Power generation loads are unpredictable but critically required when the wind isn't blowing and solar arrays are clouded over. Premiums for short term supply to meet sudden demand are to be better defined.

Implications for CTP 's Business – Average Price Below A$12/GJ

The new rules will have little impact on CTP's revenue stream, as practically all of its gas production has been contracted before the date of "intervention". In 2022 CTP were able to access high-prices for as-available gas (aka "spot" gas), and even though the volumes were relatively small, CTP's average portfolio prices in the June and September quarters were more than 20% higher than the March 2022 quarter. New Palm Valley production will increase volumes available to be sold into the spot market or to be contracted under the new provisions (possibly as high as 10 TJ/day).

Production from Palm Valley & Mereenie has historically been sold into the NT or Mt Isa market on a take-or-pay basis at prices far below the caps to be applied. Production from the Dingo gas field is contracted at fixed prices to the Owen Springs power plant near Alice Springs is exempt.

In the three months to end of December 31 2022, CTP's average price achieved across all its volume was A$6.78/GJe, so there remains plenty of upside for realised prices within the $12 cap, to the extent that it applies.

Implications for CTP 's Strategic Review - More Time Needed

CTP's strategic review began in September 2022 and has taken longer than the market had anticipated and the company originally guided.

Strategic review timings are difficult to estimate, given the potential for the long-term implications, and in this case, CTP's broad range of assets covering established production assets, exploration permits, sub-salt exploration targets and a coal seam gas project provide additional complexity.

The change in government policy has added material uncertainty to the gas market, particularly as the ACCC is to determine a "reasonable" price for production resulting from future exploration. Details as to how this price is to be determined are to be advised, but according to the ACCC are to be set on a case-by-case basis.

The result of the government policy is to add further time to the strategic review process. CEO Leon Devaney has stated "I'm sure our shareholders will appreciate that a measured approach to these activities is necessary, and it would be counter-productive for us to speculate on timeframes or outcomes at this time".

The Strategic Review – What Could Some of the Options Could Be

CTP has stated the strategic review will involve an extensive review of the portfolio and will include assessment of:

- The structure of the portfolio and potential sales of assets
- Opportunities given the current gas markets
- Optimisation of hydrogen and helium prospects
- Expansion into other basins
- The Range gas project

Structure of the Portfolio / Potential Sale of Assets

The CTP portfolio has a range of production, appraisal and exploration assets predominantly in the Amadeus Basin in NT and the Surat Basin in Qld. CTP has options to restructure the portfolio in a number of ways:

- Outright Sale of the Company
    - CTP may see the most rational action is to put the company as its exist up for sale.
- Outright Sale of Certain Assets
    - The strong global and local gas markets of 2022 has led to a number of transactions in the listed and trade markets. CTP may seek the opportunity to sell parts of the portfolio that may attract higher value than the market is currently valuing them at
- Spin-off of certain Assets into a new vehicle
- Corporate merger with other industry participant
- Introduction of new joint venturers through sale or farm-out of certain Assets
- Relinquishing Assets
    - As part of the strategic review process CTP is reviewing the current holdings and after analysing past exploration results and taking into consideration the potential future costs and risks of exploration, appraisal and development, increasing regulatory hurdles and costs and recent government intervention in gas markets, intends to surrender its interests in the Georgina Basin (Qld titles ATP 909, ATP 911 and ATP 912) and the Ooraminna Retention Licences (NT titles RL 3 and RL 4).
    - Further review of assets may lead to further relinquishments

Opportunities in the Current Gas Market

- The strong gas markets of the last year have led to opportunities for CTP to deliver into the spot market and increase the average price received for its gas.
- The company has signed new gas contracts including Shell and South 32.
- Despite the government intervention in the gas markets, CTP's average gas price received is still well below the A$12/GJ price cap, so there may well be further opportunities to enhance the average gas price received through spot sales and as old contracts roll over or new gas is discovered.

Optimisation of hydrogen and helium prospects

CTP has exciting opportunities with potential hydrogen and helium assets. Hydrogen and helium represent critical elements in the developing of clean energy and technology.

- Hydrogen. The Amadeus Basin is well recognised as a potential source for 'gold' hydrogen (naturally occurring and trapped within the earth) in sub-salt prospects. Sub-salt prospects are very complex, high risk, and have high exploration, appraisal and development costs. Hydrogen can be commercial on its own, or add significant value to a hydrocarbon play.
- Helium has been proven to exist within the Amadeus Basin with concentrations measured at Magee and Mt Kitty, situated adjacent to the Dukas well. Magee showed levels of concentration of 6.3% and Mt Kitty at 9%. These levels are very high by world standards, with most helium being extracted as a by-product of mega LNG projects with concentrations below 0.1%.
- CTP has begun the optimisation process with a farm out and free carry program with Peak Helium being finalised. CTP will participate in Santos-operated exploration wells at Dukas, Mt Kitty and Mahler, starting later this year.
- Further opportunities along free carry lines or JV partnerships in Hydrogen / Helium may be available for CTP

Expansion into Other Basins

There may be other assets in the relevant basins that would fit with the current portfolio or opportunities in other basins where CTP see their skills being appropriate.

The Range Gas Project

Production testing of three pilot wells continued throughout the quarter, with the production testing intended to provide key information regarding reservoir productivity, gas desorption, zonal contribution and the initial production profiles of gas and water ramp-up. Water and gas flow rates from the pilot wells were not as predicted after the initial exploration wells, and more data, and capital investment is required to assess the Range resource.

CTP is a 50% JV partner with Incitec Pivot (fertiliser producer), which over the long term may not be a natural owner of the asset.

Part of the Strategic Review will be to determine if Range is an asset that CTP should continue to own (or own more of) or look to sell. The Range Project is a key growth platform and Basin diversification asset and as a result will form an integral part of the overall strategic direction of CTP.

Q2 FY2023 Review – Northern Pipeline Outage Drives a Tough Quarter

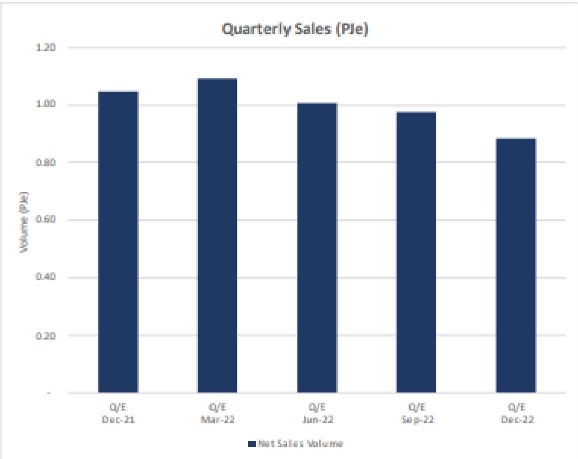
The 2nd Quarter of the FY2023 proved to be a difficult quarter for CTP. The key driver of the softer results was the outage of the Northern Gas Pipeline (NGP), restricting CTP's ability to sell gas production into the higher priced East Coast Gas spot market. In the preceding June and September quarters, CTP had benefitted from the extraordinarily high spot gas prices driven by the need for gas to supplement reduced coal-fired electricity generation.

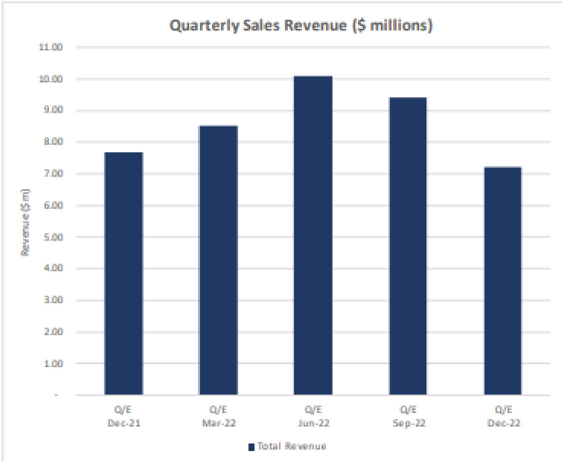
A Quick Look at The Numbers

Production, prices and revenues down on prior quarter

- Production volumes were down 8% at 1.07 PJe
- Realised portfolio prices of $6.78/GJe being 8.2% higher than in December 2021, but 16.5% lower than September 2022.
- Revenues in the December quarter were $7.2 million, down 5.8% on the corresponding December quarter in 2021, due to the lower volumes, and 23.2% below the September 2022 quarter due to both lower volumes and prices

Exhibit 4 – Quarterly Sales and Revenue – December Quarter Soft





Source: MST estimates.

Pipeline Re-opened new PV12 Well on Line – Next Quarter Bouncing Back

Sales revenues are expected to rebound sharply in the March 2023 quarter, with the NGP now providing access to east coast markets and higher volume being supplied from the newly commissioned PV12 well.

- The new well, which only came online in late November resulted in the Palm Valley field producing at an average of 7.4 TJ/d over the quarter (Central share: 3.7 TJ/d), significantly higher than the 5.7 TJ/d average in the September quarter. Sales capacity was approximately 14 TJ/d (100% JV) at the end of the quarter following an overhaul of compression facilities and production from Palm Valley in the March 2023 quarter is expected to average almost double that of the December quarter.

Financials – Cash Position Decreased, New Funding in Place for Future Development

Cash Position

The weaker quarter had a negative effect on cash with cash balances at $13.7 million at the end of the quarter, down from $15.6 million held at the end of September. The net cash outflow from operations for the quarter was $0.7 million after exploration costs and finance charges. Exploration expenditure of $0.2 million, included the Range CSG pilot operations and planning for the 2023 Amadeus sub-salt exploration program. Capital expenditure amounted to $0.8 million, being largely sustaining Capex.

Free Carry Position

Under the carry arrangements relating to the partial asset sale, the new joint venturers at Mereenie, Palm Valley and Dingo agreed to pay $40 million of Central's share of certain future exploration and development costs in those fields. In the December quarter $1.2 million of Central's exploration costs and $6.8 million of development costs were carried under these arrangements. At the end of December, $3.4 million remained available for future use.

New Debt Facility – Funding Increased Production and Exploration

In November, Central entered into an agreement with Macquarie Bank Limited (Macquarie) for the expansion of its existing debt facility (Facility) for up to $12 million to fund increased production and exploration across its Amadeus Basin gas projects. The new Facility consists of two separate tranches of $6 million.

Access to funds under a tranche will be cancelled unless the tranche has been at least partly utilised by: •

- For the first tranche, 31 December 2022
- For the second tranche, 31 December 2023
- Central satisfied all conditions precedent for the first tranche in December and has drawn-down $1 million.
- Net debt at the end of the December quarter was $16.8M, up from $15.1M at the end of September

Exploration and Appraisal Outlook – Sub Salt on the Way

Dukas (35%), Mt Kitty (24% Post Farm Out) and Mahler (29% Post Farm Out)

Santos Progressing Towards 3 Well Program

Three sub-salt exploration wells are planned to be drilled, commencing 2023, targeting hydrocarbons, helium and naturally occurring hydrogen. Santos, as operator, continued key activities for the three well program during the quarter, including rig contracting, ordering long lead items and environmental and land access approvals. Upon completion of the farmout agreement with Peak Helium (Amadeus Basin) Pty Ltd (Peak), Central is to be free carried (i.e. funded) by Peak for two of the new sub-salt exploration wells (capped at $20 million gross cost per well), one at the Mahler prospect and the other at the Mt Kitty prospect. A re-drill of the Dukas sub-salt prospect is expected after these wells, in late CY2023

Amadeus Production Assets - Mereenie, Palm Valley and Dingo Joint Ventures

Mereenie Recompletion and Development

Central is planning to increase production from Mereenie mid-2023, with the joint venturers to consider a development program comprising recompletion of up to six existing wells and drilling of two new development wells.

Valuation: Current Operations Show Value

Base-Case Valuation of A$0.22 (Previous A$0.27)
Core Production Assets Contribute A$0.18

The Amadeus Basin assets provide underlying production, earnings and cash flow which we believe is fundamentally undervalued by the market. The Range CSG Project has a significant contingent resource in a basin that has been proven to be able to be brought to production rapidly. There is still considerable risk with this project, which may require additional investment into relocated wells or new drilling and completion techniques to unlock a step change in water rates and gas flow and see the value in this asset crystalised.

The Palm Valley deeps exploration program last year was disappointing and dented the market's confidence in the exploration potential in CTP and has disabled further drilling for deep exploration targets. However, there are a number of exploration options in the 2023 sub salt program.

Since our prior report, the strong ECGM fundamentals have changed with the government intervention into the gas market. CTP's spot gas market sales, even at A$12/GJ give the company the opportunity to raise the average price of the gas received. The increased production from Palm Valley will be delivered into the spot market.

Our valuation is A$0.22 (previous $A0.27). The core production assets make up A$0.18 of this valuation, demonstrating the market is placing a significant discount on assets that are relatively low risk. The main driver of the reduction in our valuation relates to the increased risk we have attributed to the Range Gas Project.

Valuation: Reviewing the Assumptions

We have reviewed our modelling assumptions and our valuation has decreased for A$0.27 to A$0.22, the key drivers of the change are as follows:

- Made minor forecast production profiles for Mereenie, Palm Valley and Dingo
- Increased the level of exploration expense
- Mereenie: included additional development wells (~A$15.5m, spread over FY24/FY25);
- Dingo: included an additional development well (~A$10m, spread over FY25/FY26);
- Range valuation: wound back the risking from 45% to 20%, due to the slower ramp up compared to our expectations

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. 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% (see Exhibit 5).

Exhibit 5 – Base-case valuation summary – fully diluted (A$ per share)

NPV	A$m	Risking	A$m	A$ps Valuation	Previous Valuation
Mereenie - OL4 & OL5 (25%)	62	100%	62	0.09	0.08
Palm Valley - OL3 (50%)	33	100%	33	0.05	0.05
Dingo - L7 & PL30 (50%)	31	100%	31	0.04	0.06
Project Range - ATP 2031 (50%)	102	20%	20	0.03	0.06
Total Operations	**228**		**146**	**0.21**	**0.25**
Net Cash / (Debt)	(17)	100%	(17)	(0.01)	(0.00)
Admin / Corporate / Other	(36)	100%	(36)	(0.05)	(0.05)
Exploration (risk-adjusted)	56	50%	28	0.04	0.02
Mereenie & Palm Valley 2C gas (risked)	40	50%	20	0.03	0.03
Dingo Deep & Palm Valley Deep (Prospective, Best)	47	0%	–	–	0.02
TOTAL VALUATION	**319**		**142**	**0.22**	**0.27**

Source: MST estimates.

Upside Potential Remains, Driven by Multiple Sources

We see strong upside potential to our base-case valuation. CTP has multiple sources of potential upside valuation over time. Potential drivers of future upside include:

- exploration program – despite the disappointing result at PV exploration remains a strong source of potential value, potential to increase reserves and increase production and/or life of assets. Particular focus on the sub salt exploration
- more certainty in government policy relating to the pricing of gas
- Range CSG Project development – despite slower gas ramp up, rapid development potential remains, and success would add significant cash flow
- results of the strategic review
- higher level of sales into the spot market
- corporate activity in the energy sector.

Key risks

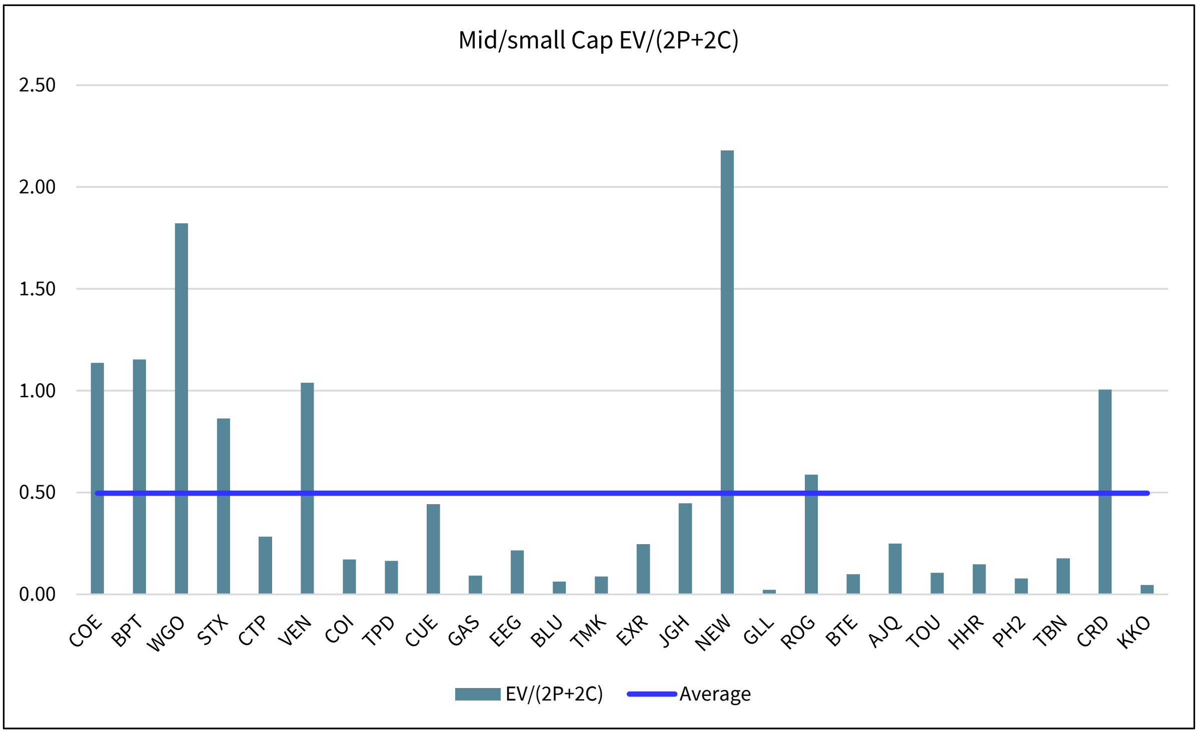
- The disappointing exploration results at PV have shown the risk in exploration, and it remains a key risk to valuation upside.
- Further outages to the Northern Gas Pipeline (NGP)
- Government regulation uncertainty
- CTP's cash flow and valuation are sensitive to the gas price.
- Operational issues at existing assets would reflect poorly on management and decrease cash flow and valuation.
- The Range Gas Project in the Surat Basin has potential for development. Flow rates are key to the development of this asset. Further investment is at risk to gain additional geological and reservoir information.
- Access to license areas to acquire seismic and drill exploration and development wells, is at risk and may lead to delays or inaccessibility. Despite having exploration tenure granted by the State, CTP must negotiate access with various stakeholders and deal with rising regulatory compliance. In recent years, this has impeded activity in the field, and contributed to rising costs.
- Social licence. CTP is a fossil fuel producer and in general these companies are targets of climate activists which seek to close these industries. The short term consequence is on investor sentiment which flows through to CTP's ability to attract investors and capital providers.

Enterprise Valuation to Resources:
A Cross Check on our Valuation Supports our View that CTP Is Undervalued

An additional check on our valuation is to observe how the market values the reserves and resources of CTP and its ASX-listed peers (see Exhibit 6), using EV/2P+2C. This yields a lower alternative valuation than our NPV-based method, but does reflect upside to the current share price, particularly if the 2P reserves base can be expanded.

This valuation metric shows the relative value the market attributes to the company's reserve and resource base. CTP is valued significantly below its peer average, with CTP's EV/2P+2C of 0.28 comparing to the average of 0.50. The peer average would see CTP valued at **A$0.13 vs. the current share price of A$0.075 and our valuation of A$0.22.**

Exhibit 6 – Select Australian listed Energy Stocks EV/Resources multiples



Source: MST estimates, company releases

Appendix 1: Resources and Reserves

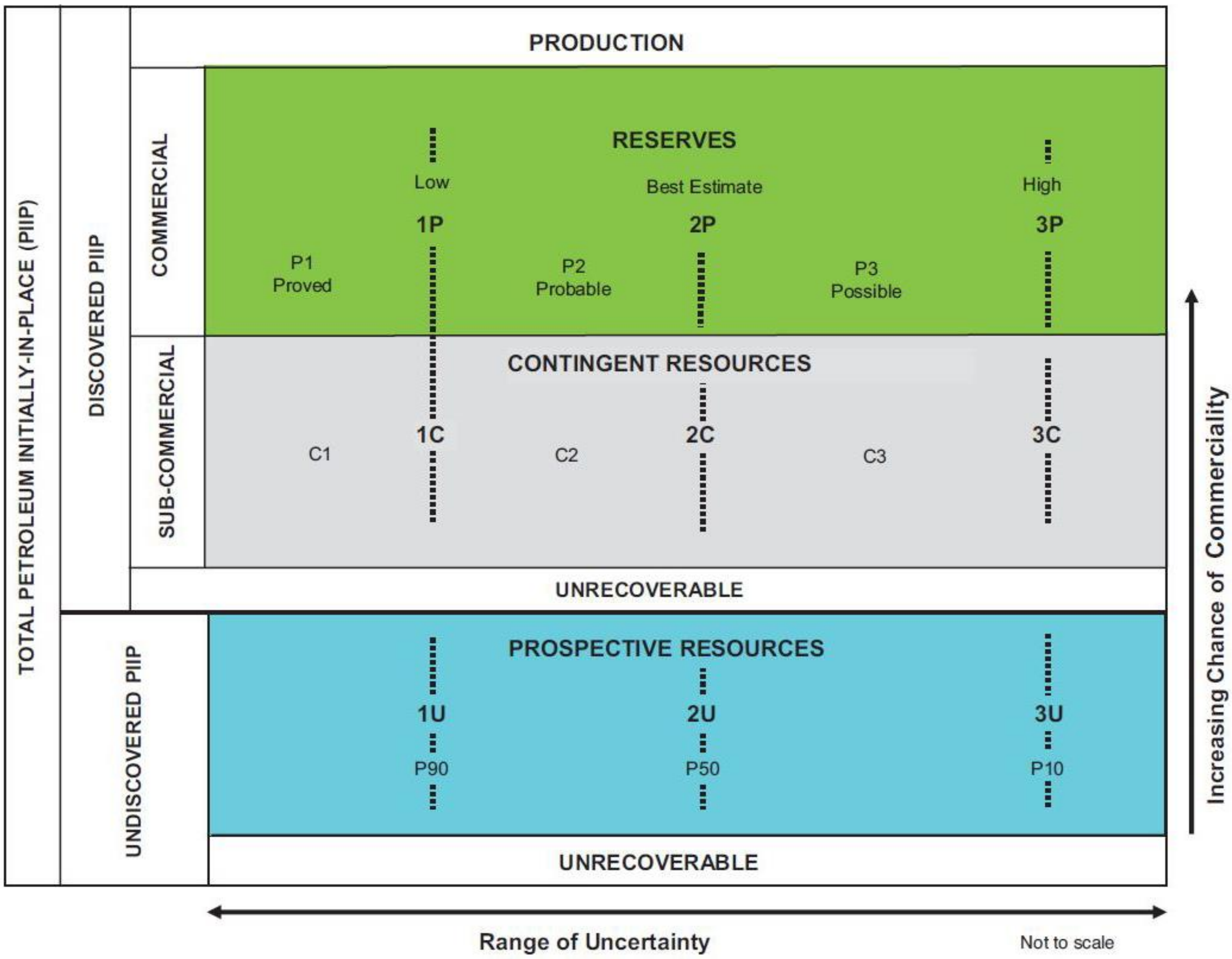
Exhibit 7 shows the three categories into which estimated quantities of potentially recoverable petroleum can be placed: Prospective Resources, Contingent Resources and Reserves. Within each category, three estimates are designated to describe the range, with greater certainty at the low end and less 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 7 – Resources and Reserves



Source: CTP.

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