Central Petroleum

CTP.AX

A research platform of MST Financial

20 August 2025

Buyback announced – CTP Reborn

Equity Research Australia

Energy

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NEED TO KNOW

- **June quarter (4QFY25) delivers the cash – CTP a reborn company**
- **Beetaloo not a bad story for CTP or the domestic gas market**
- **Buyback to commence in September**

CTP reborn as second full quarter of new contracts shows cash generation capacity: 4QFY25 marked CTP's second full quarter under new contracts with the Northern Territory (NT) Govt. Average realised prices rose for the 2nd consecutive quarter to A$10.38/GJe, up 6% on March – which was up 22% from the previous quarter. CTP is in a new era with higher cash flow opening up options for both growth and capital management.

Despite market concerns, potential Beetaloo Basin supply is not bad news for CTP: CTP has seen NT gas market buyers hesitating to contract to longer-term arrangements due to the uncertainty of timing and volume from the Beetaloo Basin; this concern is also reflected in CTP's share price. However, we view these concerns as unfounded. CTP remains in the box seat in the NT, with certified reserves to back up long-term contracts and the ability to sell non-contracted gas into the supply-constrained East Coast gas market in the event of Beetaloo volumes creating excess supply into the NT.

Capital management begins; buyback to start 15 September: CTP has plans to buy back up to 10% of its issued capital over 12 months from 15 September 2025. This is CTP's first-ever capital return, and signals CTP's confidence in future cash flows and it's view that the shares are undervalued.

Investment Thesis

High-margin contracts, certified reserves generate sustainable long-term cashflow: CTP's gas sales agreements with the NT Government highlight short to medium-term tight NT market conditions. CTP's substantially higher cash generation has created strong financial capacity, and CTP is well positioned to expand production, secure low-risk volumes, and benefit from continuing attractive, market-based pricing and higher margins. In the longer term, CTP's certified reserves back its capacity to sign long-term contracts and/or to sell into the tight East Coast gas market.

Buyback is the first step in capital management; other options include growth, optimisation, exploration: CTP's announced buyback is the first step for its capital management program. Further options include debt repayments and a sustainable dividend payment (no expected franking). Higher margins from new contracts and successful Mereenie wells mean CTP will also focus on boosting production, adding reserves and optimising assets. Exploration also remains a high priority, with multiple opportunities.

Valuation and Risks: CTP Stacks Up on Every Metric

Our base-case NPV is A$0.20 per share, highlighting CTP's substantial undervaluation. At current prices, FY26 P/OCF is 2.7x, P/E 5.2x, and EV/EBITDAX 2.0x. The share price implies a gas price of A$6.38/GJ, well below our FY26 forecast of A$9.50/GJ and CTP's latest realised price of A$10.38/GJ. On an EV/2P+2C basis, the market average multiple suggests a share price of A$0.098. Key risks include potential production issues, lack of exploration success and unsuccessful development wells.

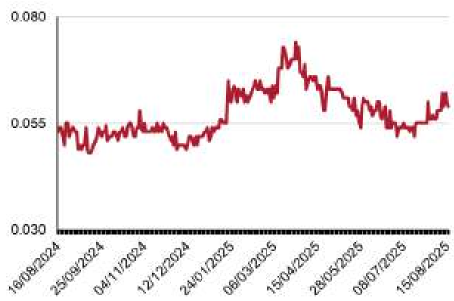
Central Petroleum is the NT's largest onshore gas operator, with a portfolio of gas and oil assets focused on the Amadeus Basin. Its strategy is to unlock and commercialise the vast energy potential of the Central Australian basins to take advantage of a tight supply/demand balance in the domestic gas market. www.centralpetroleum.com.au

Valuation	**A$0.200** *(unchanged)*
Current price	**A$0.059**
Market cap	**A$44m**
Net cash	**A$3.96m**

Upcoming Catalysts / Next News

Period	
15 Sept 2025	Commencement of buyback
2HCY25	Re-contracting Arafura Gas for 2028
2HCY25	Further capital management
1HCY26	Palm Valley drilling

Share Price (A$)



Source: FactSet, MST Access.

Figure 1: Financial summary, year-end 30 June

Central Petroleum Limited (ASX:CTP)

Year-end 30 June		
Share Price	A$/sh	0.059
52 week high/low	A$/sh	0.07 / 0.05
Valuation	A$/sh	0.20
Market Cap (A$m)	A$m	44
Net Cash / (Debt) (A$m)	A$m	3.96
Enterprise Value (A$m)	A$m	42
Shares on Issue	m	745
Options/Performance shares	m	42
Potential Diluted Shares on Issue	m	787

Ratio Analysis	2023A	2024A	2025E	2026E	2027E
EPS	(1.09)	1.68	1.01	1.20	2.94
P/E (x)	(4.8)	3.1	5.4	5.2	2.1
EPS Growth (%)		-254%	-40%	18%	145%
CFPS (A¢)	(0.28)	0.93	2.12	2.30	4.35
P/CF (x)	(18.8)	5.7	2.6	2.7	1.4
DPS	–	–	–	–	–
Dividend Yield (%)	–	–	–	–	–
EV / EBITDA (x)	16.5	1.6	2.1	2.3	0.6
EV / boe (x)	64.0	48.6	47.4	55.6	21.0
EV / PJe (x)	10.7	8.1	7.9	9.3	3.5
FCFPS					
FCF Yield (%)					

Assumptions (Yr end Jun)	2023A	2024A	2025E	2026E	2027E
Brent Oil Price (US$/bbl)	83.20	82.24	73.62	73.4	75.9
Exchange Rate (A$1:US$)	0.673	0.656	0.648	0.648	0.648
Gas Price (A$/GJ)	7.83	7.98	8.57	9.69	9.88

Production	2023A	2024A	2025E	2026E	2027E
Gas (TJ/d)	13	12	12	12.37	16.45
Gas (PJ)	4.7	4.4	4.5	4.51	6.00
LPG (kt)	–	–	–	–	–
Oil / Condensate (mmbbl)	0.03	0.03	0.03	0.02	0.03
Total (mmboe)	**0.82**	**0.76**	**0.78**	**0.78**	**1.03**
Gas (mmboe)	0.79	0.73	0.75	0.75	1.00
LPG (mmboe)	–	–	–	–	–
Oil / Condensate (mmboe)	0.03	0.03	0.03	0.02	0.03
Year End Reserves 2P (mmboe)	**12.9**	**12.6**	**11.8**	**11.0**	**10.0**

Reserves and Resources As at 30 June 2024	Working Interest	1P Gas (PJ)	2P Gas (PJ)	1P Liquids (mmbbl)	2P Liquids (mmbbl)
Mereenie (OL 4 / OL 5)	25%	28.1	36.6	0.30	0.36
Palm Valley (OL 3)	50%	10.9	11.7	–	–
Dingo (L7)	50%	18.7	22.8	–	–
Total		**57.6**	**71.2**	**0.30**	**0.36**

Valuation	1 Jul 25	A$m	Risking	A$m	A$ps
Mereenie - OL4 & OL5 (25%)		64	100%	64	0.09
Palm Valley - OL3 (50%)		21	100%	21	0.03
Dingo - L7 & PL30 (50%)		45	100%	45	0.06
Total Operations		**130**		**130**	**0.18**
Net Cash / (Debt)		3	100%	3	0.00
Admin / Corporate / Other		(24)	100%	(24)	(0.03)
Exploration (risk-adjusted)		22	50%	11	0.02
Mereenie & Palm Valley 2C gas (risked)		38	65%	24	0.03
TOTAL VALUATION		**169**		**145**	**0.20**

CTP Relative to XEJ 12 months

Profit & Loss (A$m)	2023A	2024A	2025E	2026E	2027E
Oil / Condensate Revenue	3	3	3.4	3	3
LPG Revenue	–	–	–	–	–
Gas Revenue	36	34	38	44	59
Revenue	**39**	**37**	**42**	**46**	**62**
Operating Costs	(17)	(17)	(19)	(18)	(17)
Government Resource Taxes	(3)	(3)	(3)	(3)	(5)
Exploration & Development Expenses	(13)	(4)	(2)	(2)	(3)
Other Net Income / Expense	(3)	11	(0)	(3)	(4)
EBITDA	**3**	**24**	**18**	**19**	**34**
EBITDAX	**14**	**28**	**20**	**21**	**37**
Depreciation & Amortisation	(7)	(8)	(8)	(8)	(10)
EBIT	(4)	16	10	11	24
Net Interest Expense	(4)	(3)	(2)	(2)	(2)
Net Profit before-tax	(8)	12	8	9	22
Tax Expense / Benefit	–	–	–	–	–
Underlying NPAT	**(8)**	**12**	**8**	**9**	**22**
Exceptional items / non-recurring	–	14	–	–	–
Reported Profit	**(8)**	**(1)**	**8**	**9**	**22**

Cash Flow (A$m)	2023A	2024A	2025E	2026E	2027E
Pretax Profit (inclds expl. expense)	(8)	12	8	9	22
D&A & Other Non-Cash Items	6	(6)	8	8	10
Tax Paid	–	–	–	0	0
Cash from Operating Activities	**(2)**	**7**	**16**	**17**	**32**
Development Capex	(3)	(3)	(10)	-18	-11
Acquisitions/Other (Net of Sales)	0	12	–	0	0
Dividends Paid	–	–	–	0	0
Free Cash Flow	**(4)**	**16**	**6**	**-1**	**22**
Cash Provided by Financing	(4)	(5)	(1)	0	(8)
Net Change in Cash	**(8)**	**11**	**5**	**-1**	**13**

Balance Sheet (A$m)	2023A	2024A	2025E	2026E	2027E
Cash & short term deposits	14	25	27	26	40
Receivables	7	5	6	7	10
Inventories	4	4	6	8	11
Property, Plant and Equipment	60	56	59	71	73
Capitalised exploration	8	8	6	5	5
Intangibles and Goodwill	2	2	2	2	2
Other assets	4	4	4	4	4
Total assets	**98**	**104**	**111**	**124**	**144**
Creditors	3	3	7	8	10
Borrowings	28	23	23	23	15
Other liabilities	48	45	40	44	48
Total liabilities	**79**	**71**	**70**	**75**	**73**
Shareholder equity	19	33	40	49	71
Shareholder Equity + Total Liabilities	98	104	111	124	144

Source: CTP, MST estimates.

June 2025 Quarter: The New Contracts Deliver Again!

CTP's Journey to Becoming Cash Rich Continues

June-quarter (4QFY25) results showed another quarter of better pricing under the second quarter of the new Northern Territory (NT) Government contracts. Volumes were steady, leading to a further increase in revenue. With 6 years of production from January 2025 locked in with the NT Government, this quarter represents CTP's full rebirth as a low-risk, long-term cash-flow–generating business, with capital management options and exploration upside.

Funding: the cash comes pouring in

The June 2025 quarter represented the highest quarterly net operating cash flow since reduced ownership interests in late 2020.

Results: Net cash was A$3.96m at June 2025 (A$0.1m net debt at 31 March 2025). This was made up of A$27.5m cash (up A$6m from March) and A$23.5m debt.

Operational cash flow (after exploration and interest costs) was A$6.3m (vs $3.7m for the March quarter) as higher margins from the new contracts boosted cash flow.

The quarter saw lower capex expenditure relating to the final Mereenie development wells cost of A$1.1m (A$5.2m March quarter).

Cash receipts for the quarter were A$13.7m, reflecting the first full quarter of **cash** receipts from the new contracts. Cash production costs were A$5.6m, lower than last quarter due to timing of payments.

Gas overlift; cash flows to further improve in May 2026: When a party extracts more gas from a shared production facility than it is entitled to under the terms of ownership or contract, the excess quantity taken is called the 'overlift'. CTP has been in an overlift situation for a number of years, which has reduced cash flow due to CTP needing to 'repay' the overlifted gas via a cash settlement.

The remaining overlift translates to approximately 2TJ/d of production. Once repaid in May 2026, CTP's 'gross' cash flows will be boosted by some A$7.3m p.a.

Outlook: In light of the new NT contracts, and with major capex behind CTP, we see a further improvement in the net cash position for the September quarter.

Sales price: over A$10/GJe – step change continues

Results: Average realised prices across the portfolio were A$10.38 for the quarter, up 6% from the March 2025 quarter (A$9.78/GJe) after a 22% increase from the December quarter (A$8.01/GJe). The June 2025 quarter represents the second full quarter under the new NT Government contracts, demonstrating the step change in CTP's business. Figure 2 shows the significant pricing changes of the last 2 years.

Outlook: We expect the pricing to continue at or around these levels, possibly with a further small increase as legacy contracts roll off. Whenever the Northern Gas Pipeline (NGP) is open (it has been both open and closed during the quarter), CTP will be able to deliver into East Coast contracts (up to 1.5 PJ in CY2025), which may result in some variation in pricing. The East Coast contracts may result in a lower net price due to the transport costs to deliver the gas to the customers.

Sales volumes: steady – a small oil blip

Results: Sales volumes were steady at 1.16 PJe (CTP share) compared to the previous quarter. Two new production wells at Mereenie are contributing almost 25% of current capacity. Oil offtake was partially constrained as the offtaker needed to 'rebalance' the blend of oil it receives from various suppliers, reducing gas capacity by 5%. Gas capacity was restored at the end of July with some continuing partial oil constraints.

Outlook: Sales volumes should increase next quarter from the full impact of the two additional Mereenie wells and the restoration of gas capacity.

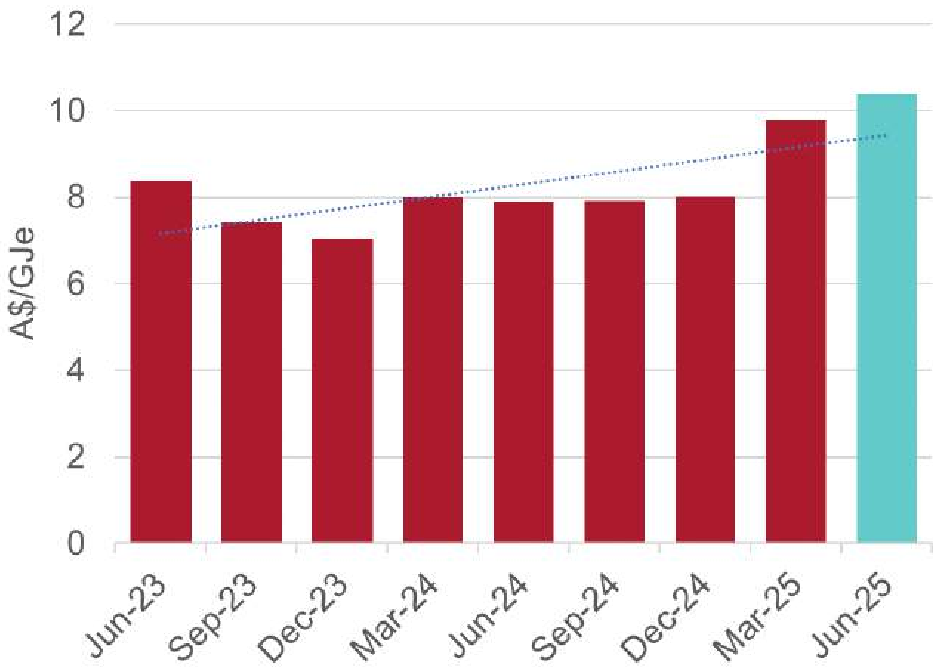
Revenues: steady volume + 6% higher price = 5.5% higher revenue

Results: The combination of steady volumes and 6% better pricing saw revenue of A$12.0m for the quarter, 5.5% higher than the A$11.4m in the prior quarter and 43% higher than the same quarter last year.

Total sales revenue for FY25 was A$41.8m, 22% higher than FY24.

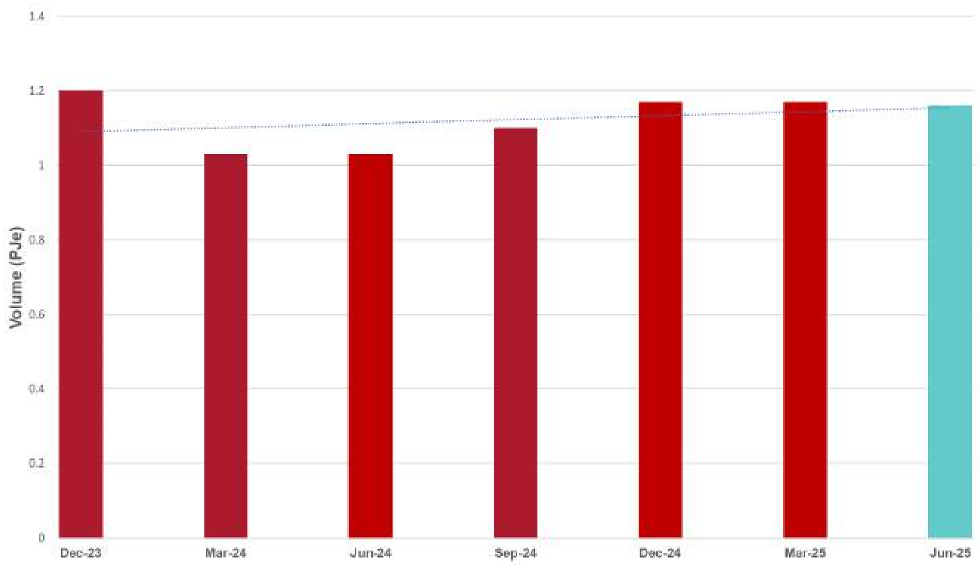
Outlook: We see steady to slightly higher volumes from Mereenie and Palm Valley after correction of gas capacity along with continued strong pricing, meaning revenues should remain at or above June's record high.

Figure 2: Pricing received – last 9 quarters



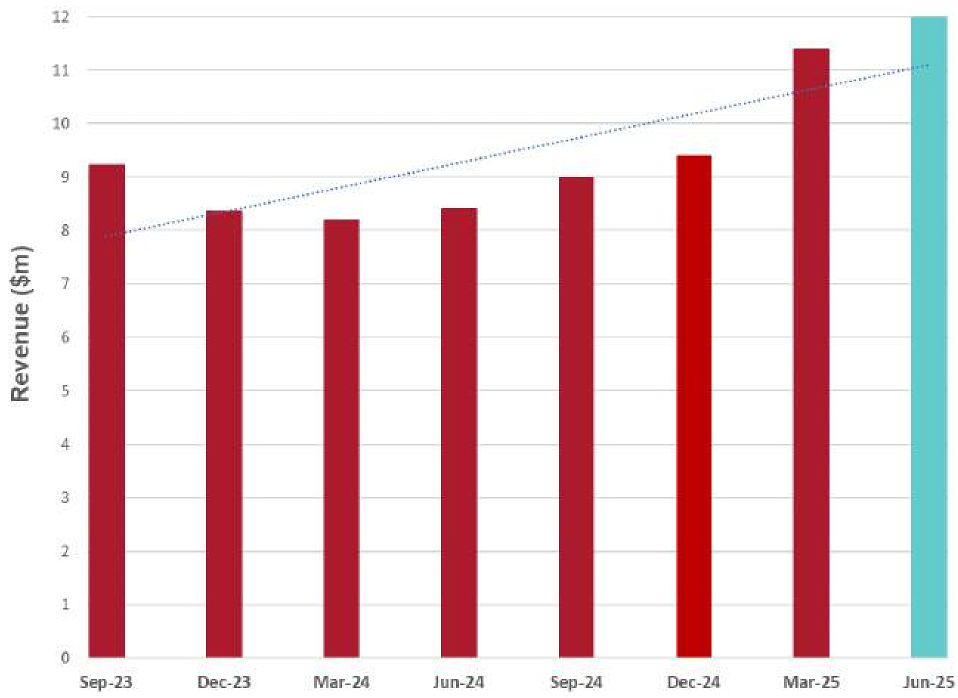
Source: CTP.

Figure 3: Quarterly sales – last 7 quarters



Source: CTP.

Figure 4: Revenue – last 8 quarters



Source: CTP.

Arafura gas up for grabs from 2028

CTP's conditional gas sale agreement to supply Arafura's Nolans project from 2028 has lapsed, as the project did not reach FID by 31 March 2025.

CTP will now market this firm gas volume from 2028 to other NT and East Coast customers.

We expect strong interest and anticipate pricing in line with or better than recent NT Government contracts.

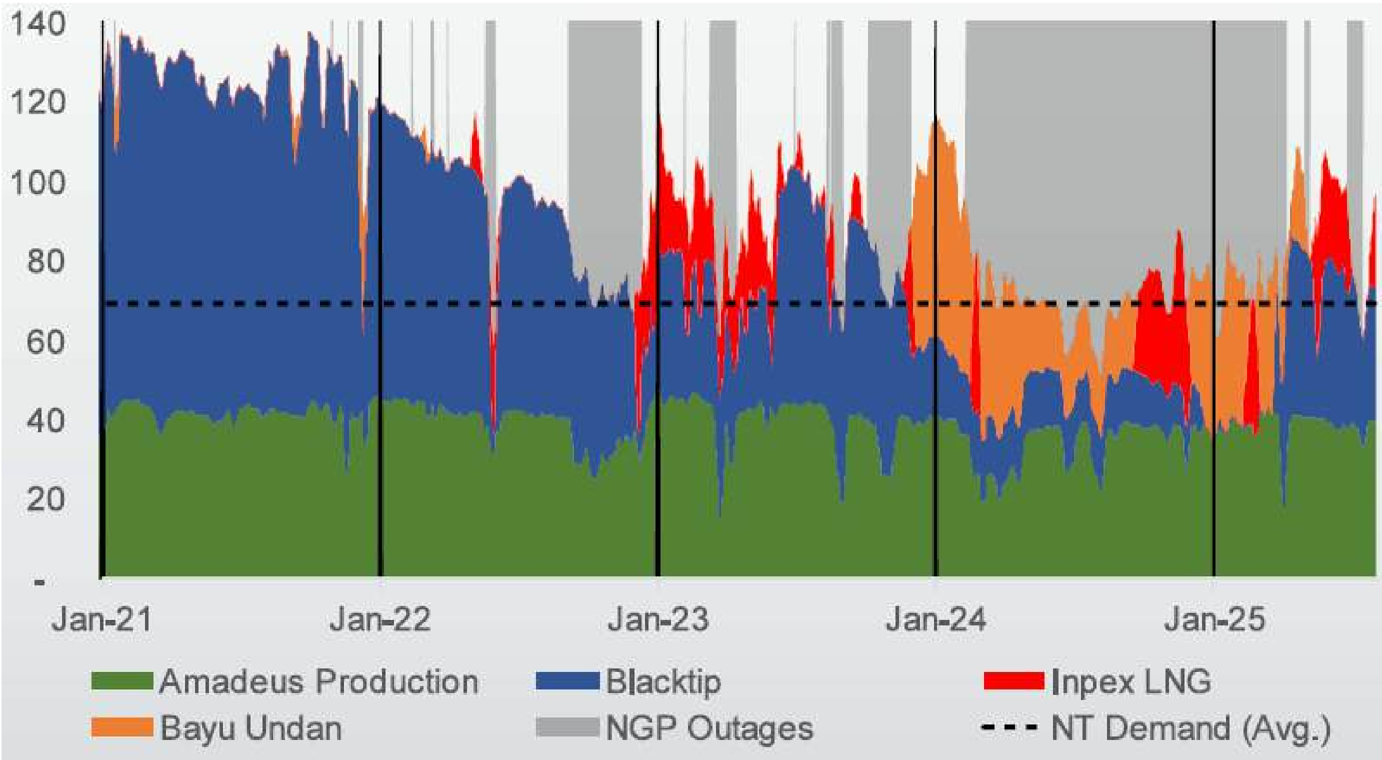
The NT Gas Market and the Beetaloo:

CTP's Long-Term Position is Low Risk

Current NT supply situation balanced

At the moment, the NT gas market supply/demand equation is finely balanced. Approximately **half the market is being supplied by CTP's JVs in the onshore Amadeus Basin (Mereenie & Palm Valley),** with the remainder being supplied by the offshore Blacktip gas field, and augmented by diverted LNG gas supplies (Inpex) in response to previous underperformance the Blacktip gas field.

Figure 5: NT gas supply, 2021–2025



Source: AEMO/CTP.

Blacktip – running at low 30s TJ/d

The Blacktip field has faced significant production declines, and during 2024 effectively stopped supplying the NT gas market. This prompted the owner, ENI, to initiate a new drilling campaign. This campaign drilled new development wells and conducted workovers on existing wells to address production decline and meet contract obligations.

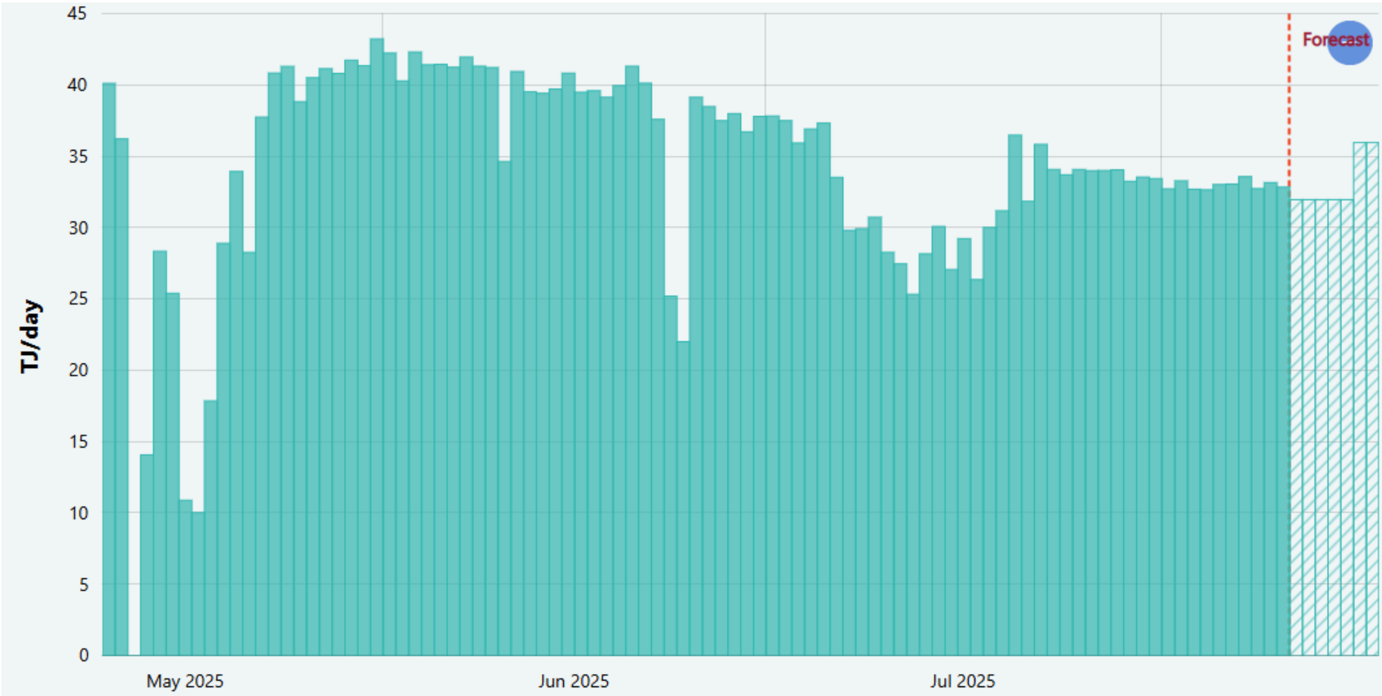
Blacktip volumes have been delivered into the NT market from mid-March. The volumes peaked in April at around 50 TJ/d but have declined steadily and stabilised around 32 TJ/d.

Production from the Blacktip well(s) has assisted in relieving the tight supply situation in the NT and, in the short term, will allow the NT to reduce its expensive purchases of diverted LNG gas.

At the moment, emergency LNG supply into the NT market is currently around ~17 TJ/d, but has averaged as high as ~24 TJ/d to compensate for when Blacktip gas field underperforms.

The Blacktip production does not have any effect on CTP's contracts with the NT Government.

Figure 6: Recent Blacktip production since May 2025



Source: AEMO

Northern Gas Pipeline closures determined by Blacktip – what does this mean for CTP? In short – CTP wins either way

The NGP frequently experiences periods of closure as a result of NT supply issues. Last year, the Blacktip supply shortfall (no surplus supply in the NT) meant the minimum throughput threshold rate required for the NGP to operate (estimated to be ~20 TJ/d) was not met, which resulted in the pipeline being shut-in for most of CY24. Since production from Blacktip resumed earlier in 2025, production, and therefore overall NT supply, has been sufficient to re-open the NGP. While it was closed for most of July 2025, the NGP is currently open – but we understand the pipeline will be closed for a month from late August 2025 due to scheduled Inpex maintenance.

These frequent closures and re-openings cause fluctuations while the market re-balances. Over recent months, Inpex (LNG) has continued to supply gas, with the NGP currently exporting around 30-45 TJ/d (see Figure 6 above).

CTP's gas sales agreements (GSAs) with the NT Government underpin CTP's near-term increased earnings and cash flow. Importantly, the GSAs contain a re-direction mechanism that provides near-term protection against the intermittent disruptions from NGP closures. The re-direction mechanism allows CTP to sell into existing CY2025 East Coast contracts when the NGP is open or into the NT contracts when it is closed.

If the NGP is closed, CTP's revenues are locked in with its NT Government agreements.

Figure 8 summarises CTP's contracts with the NT Government (on a calendar year basis), which provide 6 years of locked-in revenue at the lowest risk possible. Assuming CTP cannot sell into the East Coast gas market in CY25 due to NGP closures, these agreements provide secure revenue for that period at a good price (via the re-direction mechanism).

If the NGP is open, CTP has the ability to supply gas into the East Coast gas market.

CTP also has downside protection when the NGP is open, with the option of supplying the East Coast gas market from CY2026 for any uncontracted gas, thus providing potential exposure to the spot market. The price received for these contracts will be dictated by the East Coast price at the time (around A$13/GJ presently), but will be reduced on a net basis by transport costs. CTP's transport costs to Mt Isa, for example, are around A$3/GJ, which would see CTP receive around A$10/GJ (net) for these contracts, based on current East Coast gas prices, not significantly different from the prices received in the June quarter.

Some reluctance from customers to sign longer-term contracts

CTP has noted that NT gas customers are showing some reluctance to sign up longer-term contracts.

Potential future gas market competition from other supply sources such as the Beetaloo Basin (e.g. two active Beetaloo appraisal projects that are targeting new gas supply in CY26, delivered to McArthur River Gas pipeline) are playing on the minds of customers (and the equity market).

This emerging onshore 'basin-on-basin' competition (Amadeus vs Beetaloo) will provide some competitive tension, but we think the NT market is big enough for multiple supplies, and that therefore volume and pricing will depend on surety of supply (deliverability), a cost-effective delivered price for the NT Government, and contract tenor (i.e. short- vs long-duration contracts that underpin customer investment horizons). With established reserves and infrastructure, Amadeus Basin gas offers relatively lower-risk, cost-effective supply compared to the current offshore supply (Blacktip) as yet undeveloped Beetaloo or expensive, emergency LNG backfill (INPEX).

Customers can play a 'wait and see' game by trying to determine when the Beetaloo supply will come into the market, when they will need to contract their longer-term supply, and whether they can obtain a better price. The risk of customers potentially delaying in an attempt to try and arbitrage estimated future price differentials, or obtain better pricing via specific contract terms, could mean that tranches of current competitively cheap gas become scarcer or no longer available at today's prices, and could be relatively more expensive in several years' time.

CTP's NT Government GSAs are for the supply of gas for 6 years until 31 December 2030. The agreement secures a market for a large portion of Central's **firm** production from existing wells until 2027, but CTP is actively marketing uncontracted volumes from 2028+ (i.e. lapsed Arafura volumes) which, if successfully contracted, will further support future increases in revenues and cash flows and justify ongoing development drilling at Mereenie and Palm Valley, as well as assist further capital management initiatives.

CTP is in the box seat – volumes and prices are low risk

The concern from the equity market with respect to CTP's position is that the flow of new gas from the Beetaloo will see the NT in a situation of oversupply and that CTP will not be able to contract all of its production or will be forced to take significantly lower prices, thus reducing its cash flow and ability to expand production and manage capital. However, we view these concerns as unfounded for several reasons.

CTP offers certified reserves and a consistent record vs. declining production/unknown flow rates

CTP's production potential is backed by certified reserves (see Figure 7). The 2P reserves position at 30 June 2024 was 71.2PJ net to CTP, inclusive of 1P reserves of 57.6PJ.

At the moment, CTP has a 2P Reserves/Production (R/P) ratio of ~15 years (1P R/P of ~12 years). This healthy reserve life, coupled with CTP's record of consistent production and delivery, should in our view give potential customers sufficient comfort to undertake long-term contract positions.

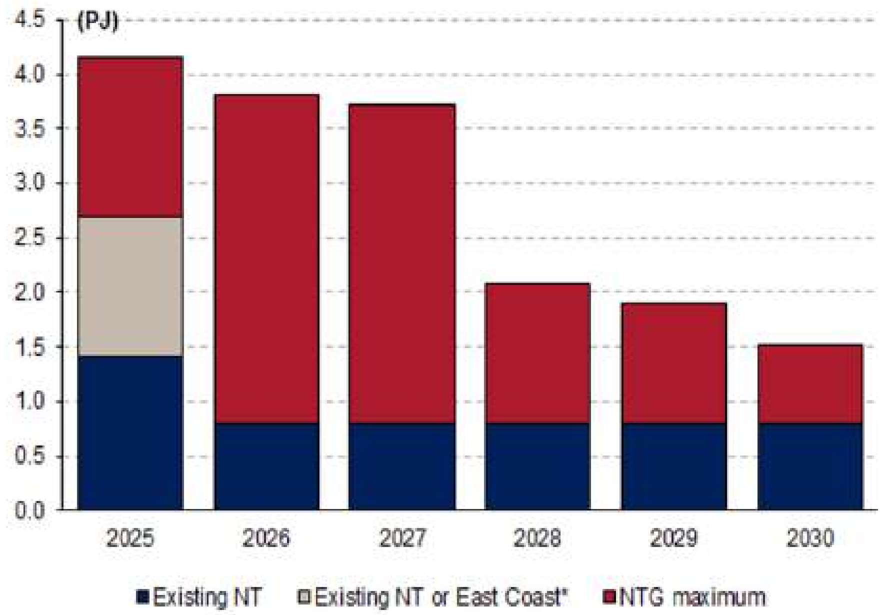
The additional sources of supply into NT – such as Blacktip (declining production) and potentially Beetaloo (flow testing) and diverted LNG (high cost) – do not provide the same level of certainty as CTP, a long-term supplier at this point in time.

Figure 7: CTP reserves (net to CTP)

Reserves and Resources As at 30 June 2024	Working Interest	1P Gas (PJ)	2P Gas (PJ)	1P Liquids (mmbbl)	2P Liquids (mmbbl)
Mereenie (OL 4 / OL 5)	25%	28.1	36.6	0.30	0.36
Palm Valley (OL 3)	50%	10.9	11.7	–	–
Dingo (L7)	50%	18.7	22.8	–	–
Total		**57.6**	**71.2**	**0.30**	**0.36**

Source: CTP.

Figure 8: CTP firm contracted volumes - Calendar Years



Source: CTP.

What if the new supply comes in? CTP can sell to the East Coast:

Works either way!

CTP's Amadeus Basin gas delivered into the NT has a significant transport cost advantage compared to alternative gas supplies.

Potential future gas market competition does exist from other supply sources, such as the Beetaloo Basin (e.g. two active Beetaloo appraisal projects that are targeting new gas supply in FY26, delivered to the McArthur River gas pipeline). We note, however, that any potential oversupply situation created by these other sources could actually have a potential silver lining. This is because this situation could enable the NGP, which is now bi-directional, to maintain threshold through-put (estimated at ~20 TJ/d), and remain open.

This provides CTP with another gas commercialisation route via exposure to the East Coast spot market. As discussed above, this would mean an additional transport cost for CTP, but given the current level of East Coast prices (A$13/PJ) and the potential further shortfall in supply to the East Coast market, this provides CTP with a strong backup to signing long-term contracts with NT customers with similar pricing net to CTP.

CTP Is Set Up to Grow, Improve, Explore and Return!

CTP's sound balance sheet, significantly increased cash flow and financial flexibility has set the company up perfectly to grow, improve, explore and return (capital management/dividends).

Return: this stage has commenced – cash generation drives share buyback

CTP has announced it will buy back up to 10% (the maximum permitted on-market) of its issued capital over a 12-month period from 15 September 2025. This marks CTP's first-ever return of capital to shareholders. The additional cash generated from its NT Government contracts has given the company confidence in forward cash flows to commence its capital management program.

The cash balance has grown to $27m – equivalent to about two-thirds of CTP's market capitalisation.

The buyback is an important milestone that reflects the progress that CTP has made over the past 5 years.

A full 10% buyback would cost around $4m. If a full buy back occurred at A$0.059 per share then our valuation would lift to A$0.22 per share

In addition to the buyback, CTP has also decided to cash settle half of its vested equity incentives, which reduce dilution, at prices prevailing in July.

CTP are contemplating further potential capital management initiatives, including:

- accelerated debt repayment – debt can be prepaid but not redrawn, and cost of debt is lower than cost of equity
- a sustainable dividend program – dependent on monitoring gas market conditions and alternative uses for capital. Unfranked dividends would be tax inefficient for some shareholders.

The buyback strongly signals CTP's confidence in the future cash flows of the company and management's view that the shares are undervalued.

Grow: Mereenie success and prospective NT gas market sets CTP up for production growth – several options

CTP is looking across its portfolio at growth options.

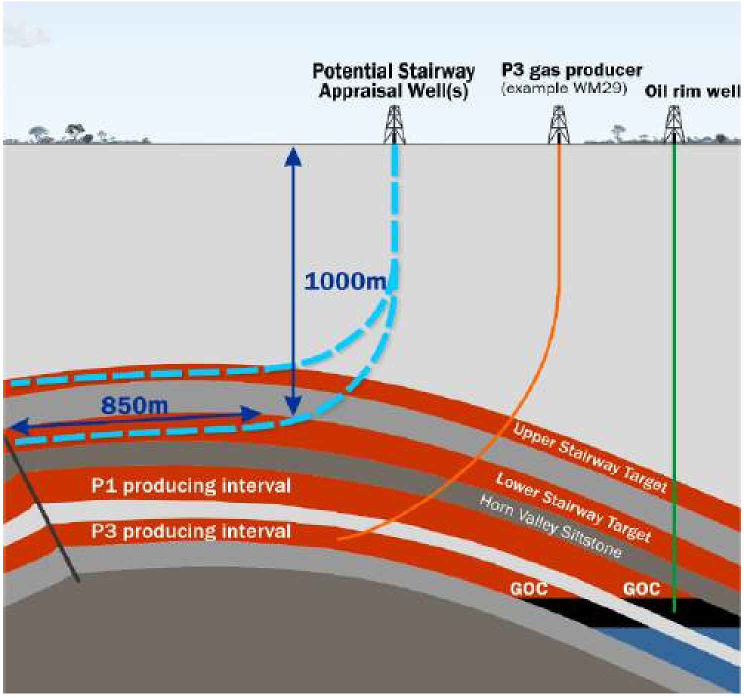
Mereenie Stairway – the next Mereenie focus for drilling

CTP has been considering drilling the shallower Mereenie Stairway Sandstones for some time. The recent drilling of WM29 and WM30 has shown very encouraging signs for the Mereenie Stairway. The 2 wells were drilled through the Stairway on the path to the target P3-producing interval and noted consistent high-pressure gas shows.

CTP is assessing the timing of a Stairway program.

The Mereenie Stairway program aims to increase Mereenie reserves to enable CTP to both grow production and extend the asset life.

Figure 9: Mereenie potential Stairway appraisal



Source: CTP.

Palm Valley potential

Palm Valley (PV) is a large field of 616km^2.

The PV gas plant is currently running at around half its capacity (7 TJ/day v 15 TJ/day). CTP sees further opportunity to drill more production wells at PV and increase production to utilise the full plant capacity (PV12 and PV13 were very successful wells) and deliver into the NT market. Environmental and cultural heritage approvals have been obtained for two new wells, which remain subject to JV approval.

Dingo – worth looking at as well

The Dingo gas field supplies gas through a dedicated 50-km gas pipeline to Brewer Estate in Alice Springs for use in the Owen Springs Power Station at around 3.9 TJ/d.

Additional development wells can be drilled at Dingo to maintain contracted gas volumes when warranted by natural field decline as well as to look at opportunities to expend Dingo's production to sell into the NT market.

CTP has begun analysis to look into drilling production wells, expanding the Dingo plant capacity and connecting it to the Alice Springs pipeline in order to reach the broader NT market.

Mamlambo (oil) and EP115 seismic (on trend with Mereenie and Palm Valley fields)

CTP is actively engaging with potential farm-in parties to progress these options.

Improve: Mereenie optimisation

CTP sees an opportunity to optimise the performance of Mereenie.

CTP estimates the current plant capacity at Mereenie to be around 40 TJ/day, and given current production is ~30 TJ/d there is opportunity to look at low-cost improvement opportunities. These include:

- 3D seismic to identify opportunities to maximise gas recovery
- further development wells
- above-mentioned Mereenie Stairway
- examining fraccing to enhance recovery and flow rates.

Explore: near and far

CTP has strong exploration opportunities within the portfolio and has a strategy to bring in new partners to assist in funding further exploration activity.

Existing assets

Mereenie, Palm Valley and Dingo have large acreage, much of which remains underexplored. Given the current market conditions, CTP will look at near field exploration opportunities to expand the reserves and resource base, including the EP115 permit which is immediately to the north west of the Mereenie field, with little exploration conducted to date.

Sub-salt opportunities

The key to maximising the value to CTP of exploration and minimising cash outflows is engaging JV partners and obtaining free carry for the exploration, particularly for the high-cost sub-salt wells (targeting large reserves of gas, helium and hydrogen). The first well is largely drill-ready, but timing is subject to the introduction of a new partner to partially fund the well costs.

Valuation: Base-Case Valuation of A$0.20 (Unchanged) – Stock Appears Substantially Undervalued

New gas contracts underpin valuation

The Amadeus Basin assets provide underlying production, earnings and cash flow which we believe is fundamentally undervalued by the market.

The key underpinning of our valuation relates to the NT Government contracts for the next 6 years. We see further upside from increases in production at Mereenie and at a later date at Palm Valley. CTP's 6 years of locked-in production contracts are the lowest risk possible. The stock is trading at a significant discount and is due a material re-rating, in our view.

Gas price – further increases likely in our assumptions

While precise details on the new NT Government gas offtakes are unclear for commercial-in-confidence reasons, CTP has noted that its June-quarter average portfolio price increased to A$10.38/PJ or an increase of 6% from the March 2025 quarter.

Our view is that the pricing will be around A$10/GJ for the NT Government contracts. We have decided to take a more conservative approach and have **gas price assumptions of A$9.50/GJ for FY26 and for our long-term price.** We consider this gas price forecast to be conservative and see further potential upgrades as the effects of this pricing come through over the next few quarters.

We have revised some of our cash and non-cash cost assumptions and completed some minor production refinements, after which our valuation is unchanged.

Core production assets (less corporate costs) contribute A$0.15 to our base case

The core production assets (less corporate costs) make up A$0.15 of our A$0.20 valuation, **suggesting that the market is placing a significant discount on assets that have locked-in contracts with one of the lowest-risk customers in the gas sector.**

Figure 10: Base-case valuation summary – fully diluted (A$ per share)

NPV	1 Jul 25	A$m Valuation Unrisked	Risking	A$m	Valuation A$ps	Previous Valuation	Change
Mereenie - OL4 & OL5 (25%)		65	100%	65	0.09	0.08	0.01
Palm Valley - OL3 (50%)		21	100%	21	0.03	0.03	(0.00)
Dingo - L7 & PL30 (50%)		45	100%	45	0.06	0.06	0.00
Total Operations		**131**		**131**	**0.18**	**0.17**	**0.00**
Net Cash / (Debt)		3	100%	3	0.00	0.01	(0.01)
Admin / Corporate / Other		(24)	100%	(24)	(0.03)	(0.03)	0.00
Exploration (risk-adjusted)		22	50%	11	0.02	0.02	(0.00)
Mereenie & Palm Valley 2C gas (risked)		38	65%	24	0.03	0.03	0.00
Dingo Deep & Palm Valley Deep (Prospective, Best)		–	–	–	–		–
TOTAL VALUATION		**170**		**145**	**0.20**	**0.20**	**0.00**

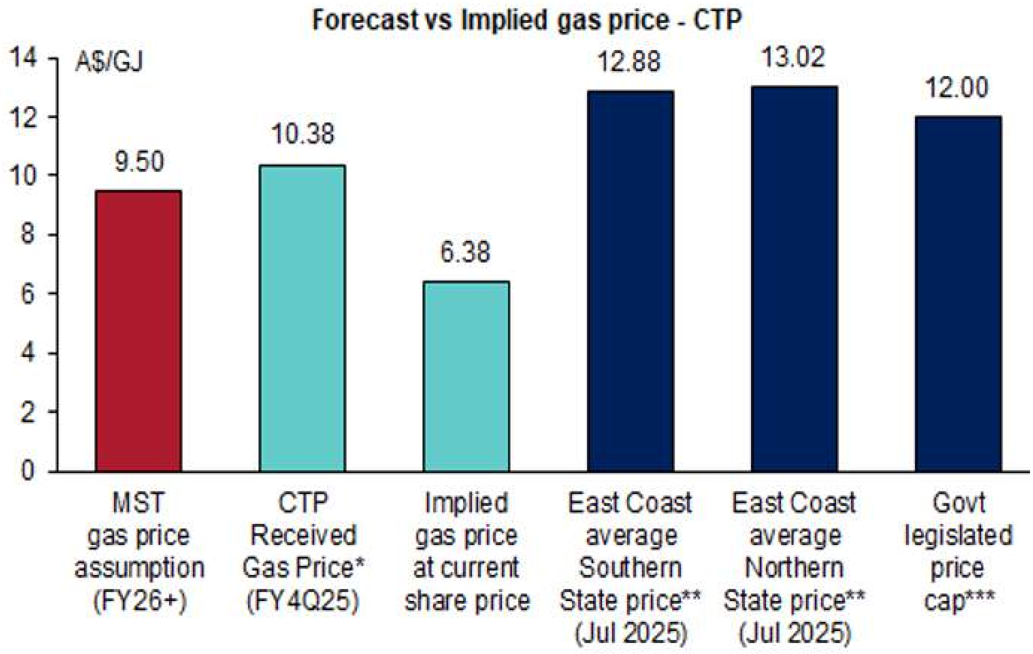
Source: MST estimates.

Valuation cross-checks suggest CTP is undervalued

Gas price implied by current share price: A$6.38/GJ (vs. A$10.38 in 4QFY25)

The current share price implies a gas price of A$6.38/GJ. CTP received an average price of A$10.38/GJe in the last quarter, and our forecast is A$9.50 for FY26. The current share price assumes that CTP's average gas price received will be some 38% less than the last quarter over the life of the assets.

Figure 11: Share price–implied gas price vs forecast and East Coast prices



*Source: SHA Energy Consulting, MST, CTP, *AEMO, **AEMO, ***Gas Market Emergency Price Order.*

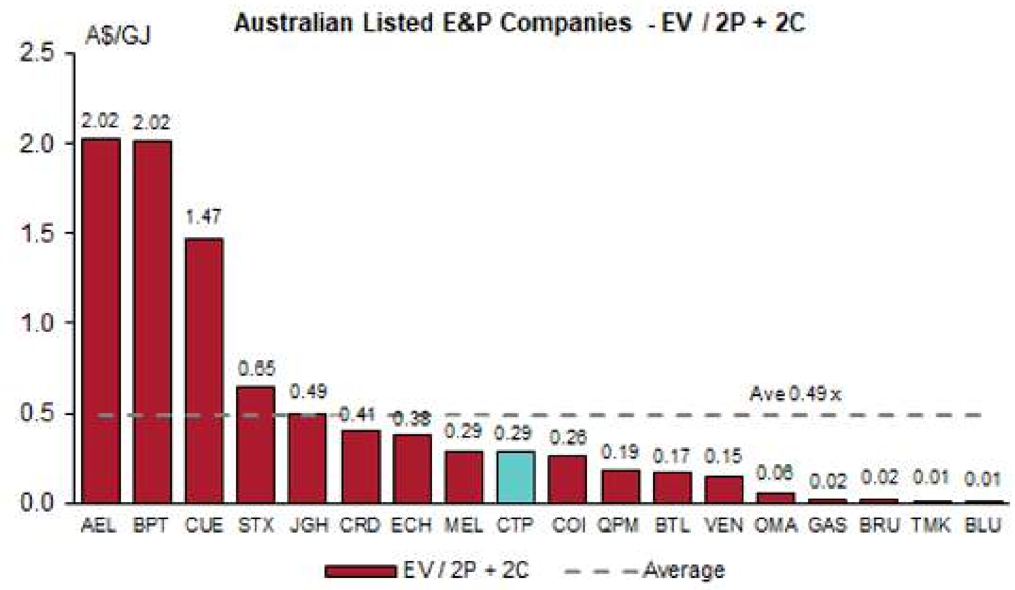
Enterprise Value to Resources suggests that CTP is undervalued: market average multiple implies A$0.098/share

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 Figure 12), using EV/2P+2C. This alternative method yields a lower valuation than our NPV-based method, but it still reflects 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 24% below its peer average, with CTP's EV/2P+2C of A$0.29/PJ comparing to the average of A$0.49/PJ. The peer average multiple would see CTP valued at A$0.098 vs. the current share price of A$0.059 and our valuation of A$0.20.

Figure 12 suggests that the equity market is potentially mis-pricing CTP's gas given the existing production and cash flow, and clear path to market in the NT via quality customer offtake, i.e. significant commercial de-risking.

Figure 12: Select Australian-listed energy stocks – EV/Resources A$/GJ



Source: SHA Energy Consulting, company filings, MST. Prices at 08/8/2025

Catalysts: upside potential driven by multiple sources

We see further upside potential to the share price and our valuation from multiple sources, which include:

- if a full buy back of 10% occurred our valuation would increase to A$0.22 per share
- higher cash flow from new NT Government contracts than we currently assume in our valuation
- additional capital returns via dividends or further share buybacks
- increased production from Mereenie, Palm Valley and Dingo
- exploration program – exploration and appraisal remains a source of potential valuation upside within CTP via the potential to increase reserves and thus increase production and/or the life of the assets. We are particularly focused on the sub-salt exploration program, once the JV has a program established post the Peak Helium default. Our valuation reflects minor upside from exploration
- establishment of helium production at Mereenie – we have not considered the potential value of helium in our valuation due to its early stage. The project is on hold and we await further information of costs and validity of extraction before taking this into our valuation
- potential takeover due to CTP's value proposition.

Risks

Key risks to our valuation/share price include:

- Mereenie Stairway development not proceeding
- Palm Valley development wells not proceeding
- lack of further capital management/share buy back less than expected
- sub-salt exploration not proceeding or lack of success
- government regulation affecting pricing
- the gas price, a key sensitivity for CTP's cash flow and valuation
- operational issues at existing assets.

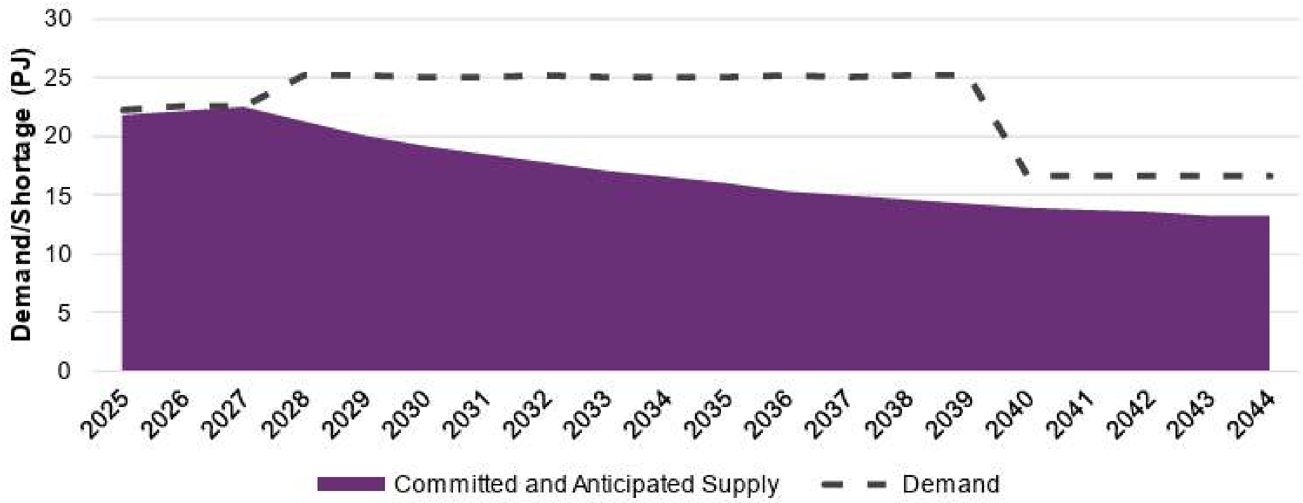
Appendix 1: Recap – 2025 Gas Statement of Opportunities: Continued Tightness in Northern Territory Gas Market

The Australian Energy Market Operator (AEMO) releases an annual Gas Statement of Opportunities (GSOO). The 2025 version continues to emphasise the tight gas market situation in the NT, stating:

"Reliance on alternative and interim gas arrangements may persist in the Northern Territory. The Northern Territory presently relies on alternative and interim gas arrangements, including with Darwin LNG exporters. There is currently reduced production from the Blacktip field, and it is not clear when production levels will be fully restored. Carpentaria Gas Field from Beetaloo Basin in Northern Territory has progressed from uncertain to anticipated status with expected production of 10 terajoules a day (TJ/d) from 2026 which will increase to 25 TJ/d or 9 PJ/y from 2027. **However, this is still not enough to supply the increasing industrial demand and ongoing reliance on gas-powered electricity generation (GPG) for electricity generation in the Northern Territory.**

"The Northern Gas Pipeline (NGP) which transports gas eastward to Mount Isa from the Northern Territory is currently not flowing, and the resumption of these flows is not forecast in the 2025 GSOO. In August 2024, Jemena completed the NGP Reversal Capability project, which enables gas to flow towards the Northern Territory from Queensland. Reversal of the NGP provides a backup solution to address forecast supply gaps in the Northern Territory if gas supply is not available from alternative arrangements."

Figure 13: Forecast annual demand and shortage in the Northern Territory, step change, 2025–44 (PJ)



Source: AEMO GSOO.

Appendix 2: Recap of the Terms of the NT Government Gas Contracts

The 6-year gas supply deal (see Figure 8):

- ensures that CTP’s onshore gas operations (Amadeus Basin) have a more certain commercial pathway irrespective of whether the NGP is open, i.e. it negates reliance on the NGP to access the East Coast market, while simultaneously preserving the option to do so whenever the NGP is operational
- is structured as a base-load supply, with high levels of take-or-pay. This means CTP’s expected firm production from existing wells is fully contracted (including any additional production from the two new Mereenie wells which are both on line), and will benefit from more consistent, firm sales at higher average CPI-linked gas prices
- had significant volumes earmarked for the proposed Arafura rare earths mine from 2028. CTP has let this contract lapse as the FID for the mine has been postponed. CTP has indicated that it will look to re-contract this gas into a short-supplied market.

The GSAs de-risk CTP’s future cash flows (lowering potential volatility and eliminating its exposure to NGP closures), which underwrites new infill development wells to access proven, undeveloped reserves. In short, the GSAs allow CTP to better plan and budget for development and appraisal activities as well as field optimisation over the coming 12–18 months. Furthermore, they should help CTP to gradually mature its capital management initiatives.

Key advantages of GSAs with the NT Government

The deal is a major win for both parties. The NT Government secures volumes of competitively priced gas (i.e. cheaper than emergency short-term re-routed LNG tail supply) from relatively lower-risk onshore supplies, while CTP gets to monetise a significant portion (~12 PJ) of its production over the next 6 years with low transportation risk at robust CPI-linked gas prices with a low-risk counterparty. Although details around the NT Government GSA pricing have not been disclosed, the March

and June 2025 quarter reports provide an insight, with average pricing increasing to $9.78/GJe in the March quarter, a significant 22% step-up from CTP’s previous portfolio price of ~A$8.01/GJe. Average prices in the June quarter increased a further 5.5% to $10.38/GJe.

The higher pricing is still very competitive compared to the high-priced emergency diverted LNG gas the NT Government has been forced to buy, with short-term gas prices purportedly in the range of ~A$17–18/GJ. As CTP rolls off its legacy contracts, margins could increase by more than $1/GJ from the ~$2.50/GJ previously attained.

The GSAs offer flexibility to CTP. Importantly, in CY2025 there is a volume of 'NGP-diverted gas' (~1.25–1.50 PJ). This is essentially gas supply from Mereenie that has been allocated to CTP's East Coast customers in CY2025, but can only be sold if the NGP is operational. If the NGP does not operate and the gas cannot be delivered to East Coast customers, it can be made available to the NT Government, i.e., the destination is flexible (Figure 6). This was the case in the first quarter of CY2025.

Northern Gas Pipeline (NGP) reopens – CTP supplying into East Coast

In early February 2024, gas flows on the NGP ceased, primarily from declining production at Blacktip. The Blacktip field’s output had dropped from around 92 TJ/d in 2021 to as low as 15 TJ/d for most of 2024, making it impossible to meet the NGP’s minimum throughput requirements. As a result, the pipeline was shut for eastward flows for much of 2024 and into 2025.

CTP has noted that, with the recommencement of the Blacktip gas into the NT, the volumes were sufficient for the NGP to re open in mid-April 2025 with continuing support from diverted LNG gas.

With the NGP reopened, CTP is obliged to sell into their East Coast contracts (see Figure 6, noted as NT diverted gas). The price received for these contracts will be dictated by the East Coast price at the time they were agreed (around A$12/GJ presently), but will be significantly reduced on a net basis by transport costs. CTP's transport costs to Mt Isa, for example, are around A$3/GJ, which would see CTP receive around A$9/GJ (net) for these contracts.

Personal disclosures

Michael Bentley received assistance from the subject company or companies in preparing this research report. The company provided them with communication with senior management and information on the company and industry. As part of due diligence, they have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in this report. They have taken care to maintain honest and fair objectivity in writing this report and making the recommendation. Where MST Financial Services or its affiliates has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid has, or will, directly or indirectly impact the content provided in this report.

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The companies and securities mentioned in this report, include:

Central Petroleum (CTP.AX) | Price A$0.059 | Valuation A$0.200;

Price, target price and rating as at 20 August 2025 (not covered)*

Additional disclosures

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