

14 March 2016

MEREENIE RESERVES UPGRADE

Central Petroleum Limited (**ASX:CTP**) (“**Company**” or “**Central**”) announces that Netherland, Sewell and Associates, Inc. (“**NSAI**”) has certified the results of Stage 1 of Central’s Reserve Upgrade Programme. This certification results in a 240% increase in Proved reserves to 62PJ and a 22% increase in the Proved and Probable reserves to 75PJ (Central equity accounted) as announced on 6 August 2015. Similar upgrading of reserves occurred in the contingent category with a 50% increase in the 2C. The aim of Stage 3 of the programme, being appraisal of wells, is to convert those contingent resources to Proved and Probable reserves. The table below sets out the reserves and contingent resources as certified:

MEREENIE OIL & GAS FIELD GAS (PJ) AS OF 31 DECEMBER 2015 (see Notes at the end of this statement)		
Reserves Category	Central 50% net share	Mereenie Gross (100% field volumes)
1P (Proved)	62	124
2P (Proved + Probable)	75	150
3P (Proved + Probable + Possible)	82	164

Contingent Resources Category	Central 50% net share	Mereenie Gross (100% field volumes)
1C	57	113
2C (includes 1C)	91	182
3C (includes 1C and 2C)	107	214

Central Petroleum has a 50% interest in the Mereenie field and is operator.

For a detailed description of the Mereenie Oil & Gas Field, reference is made to the Company’s 6 August 2015 ASX Announcement and Media Release titled “Mereenie Oil & Gas Field - Gas Reserves”. A further update as to this information is provided in the Notes section below.

QUALIFIED PETROLEUM RESERVES AND RESOURCE EVALUATOR REQUIREMENTS

The gas reserves and contingent resources information in this ASX release is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Dan Paul Smith. Mr. Dan Paul Smith is a full-time employee of NSAI holding the position of Senior Vice President who has a B.S. Petroleum Engineering degree from Mississippi State University and is a licensed professional engineer in the State of Texas. He is a member of the Society of Petroleum Engineers and is qualified in accordance with ASX Listing Rule 5.41. Mr. Dan Paul Smith has consented to the statements and the

supporting information in the form and context in which the statements and supporting information which appear in this ASX release.

NOTES

1. The estimates of gas reserves and contingent resources are as at 31 December 2015.
2. The referenced reserves and contingent resources estimates have been prepared in accordance with the 2007 Petroleum Resources Management System (“2007 PRMS”) approved by the Society of Petroleum Engineers (SPE).
3. Unless otherwise stated, all references to Central’s reserves and contingent resources quantities in this reserves statement are Central’s net share.
4. The reserves and contingent resources in this statement do not include LPG, condensate or oil which Central plans to disclose (together with gas) once a more comprehensive review is undertaken.
5. Central engaged independent expert Netherland, Sewell & Associates, Inc. (“NSAI”) to estimate the gas reserves and contingent resources, as of 31 December 2015, to the Central’s interest of the Mereenie Field.
6. As of 1 January 2015 the field was producing up to 775 bopd (oil, condensate) from ~33 wells, selling ~3.74 TJ/d gas (1.4 PJ pa) and reinjecting the balance into the oil reservoirs. The field is able to produce and sell up to 17 TJ/d (6.2 PJ pa) with limited impact on oil production. Gross production of 30 years to date is approximately 14.9 MMbbl oil and 417 PJ produced gas.
7. The data used in NSAI’s estimates of gas reserves and contingent resources were obtained from Central, public data sources, and the non-confidential files of NSAI and were accepted as accurate. NSAI’s estimates used technical and economic data including, but not limited to, well logs, geologic maps, seismic data, well test data, production data, historical price and cost information, and property ownership interests. NSAI used standard engineering and geoscience methods, or a combination of methods, including performance analysis, volumetric analysis, analogy, and reservoir modelling, that NSAI considered to be appropriate and necessary to classify, categorise, and estimate volumes in accordance with the 2007 PRMS definitions and guidelines.
8. The contingent resources shown in this report are contingent upon the successful development of improved well completion technology for the low permeability Stairway and Pacoota P4 sands and the determination of whether the P4 sand is partially connected to the overlying P3 sands. NSAI’s report was prepared using gas price and cost parameters specified by Central. Gas contracts are in existence with gas pricing being confidential. Thus, in the aggregate, the total volumes summarised in the tables included in this reserves statement represent a reasonable estimate of Central’s Mereenie Field gas reserves and contingent resources position as at 31 December 2015.
9. NSAI’s report was prepared using gas price and cost parameters current as of 31 December 2015. Assumptions used include gas sales prices, capital and operating cost escalations from 2015 and prevailing U.S.\$/A\$ exchange rate assumptions for the commerciality and economic test checks.

10. The contingent resources volumes reported here are “unrisked” in the sense that no adjustment has been made for the risk that a project associated with the contingent resources may not be developed in the form envisaged or may not go ahead at all (i.e., no “Chance of Development” factor has been applied).
11. The contingent resources shown in this report have been estimated using deterministic methods. Once all contingencies have been successfully addressed, the approximate probability that the contingent resources actually recovered will equal or exceed the estimated amounts is generally inferred to be 90 percent for the low estimate, 50 percent for the best estimate and 10 percent for the high estimate.
12. Contingent resources should not be aggregated with reserves because of the different levels of risk involved and the different basis on which the volumes are determined.
13. If additional gas sales markets were to exist, Central estimates that all gas classified as 2C contingent resources could be classified as reserves for Mereenie Oil & Gas Field subject to demonstration of the economic viability of a development plan and negotiation of a new gas sales contract agreement. Central believes bringing such volumes on stream could be achieved by proving the long term viability of gas deliverability from Stairway and P4 by stimulating and conducting long term well tests on 2 to 3 wells. Up to 12 new completions (combination of new wells & recompletions) are envisaged to fully develop the Pacoota P1 & P3 reservoirs, along with additional compression and upgrades to processing facilities. Well performance demonstrates oil recovery rates of 17% to 40%, and gas recovery is estimated between 50% to 76% for developed reserves. Wells and facilities can be optimised according to market for each product.
14. A total of 70 wells have been drilled on the field of which 59 are currently available for production or injection. As the Northern Gas Pipeline (“NGP”) (formerly NEGI) becomes certain and establish a market additional sands can be exploited, with the last review of these sands having occurred prior to 2000. These known and untapped gas sands are behind pipe and can be accessed and tested cheaply by workover (when compared to drilling costs). The aim is to establish 200 PJ of 2P reserves (gross 100% field level) from Mereenie Oil & Gas Field alone, which can target the Eastern Seaboard market through the NGP or alternatively growth in the Darwin / NT gas market. Encouraging gas flows have been recorded in sands that are not developed within Mereenie Oil & Gas Field. Sands of the Upper and Lower Stairway and P4 have performed well during drill stem testing. No significant gas production data is available for the Stairway or P4 sands, which appear largely if not wholly undeveloped. These sands flowed at attractive rates over combined zones, especially in the West Mereenie area. Substantial developed gas reserves provide a low risk opportunity for extended domestic gas sales, particularly to eastern seaboard markets if the NGP is constructed, thereby stimulating development. Longer term objectives include application of stimulation technology and extended well tests to exploit low permeability reservoirs, thus liberating some of the vast gas potential of the field.
15. The reserves and contingent resources shown in this report are estimates only and should not be construed as exact quantities. Estimates may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. Estimates are based on, but not limited to, certain assumptions including that the properties will be developed consistent with current

development plans, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of Central to recover the volumes, and that projections of future production will prove consistent with actual performance. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received, and costs incurred may vary from assumptions made.

16. The reference point for the Mereenie Oil & Gas Field gas reserves and contingent resources and production is the point at which gas passes the inlet flange to the Amadeus Gas Pipeline and quantities of produced product are measured under defined conditions prior to custody transfer. Fuel usage in the fields, flare and vent and non-hydrocarbon content to derive sales to the reference point are excluded from the reserves.
17. The method of aggregation is by arithmetic sum by category. As a result each of the 1P and 1C may be a very conservative estimate and each of the aggregated 3P and 3C may be a very optimistic estimate due to the effects of arithmetic summation.
18. Information on gas reserves and contingent resources quoted in this reserves statement is rounded to the nearest whole number. Some totals in the tables may not add due to rounding.

General Disclaimer and explanation of terms:

This document may contain forward-looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which may be outside the control of the Company and could cause actual results to differ materially from these statements. These risks, uncertainties and assumptions include (but are not limited to) funding, exploration, commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals, cost estimates and other risk factors described from time to time in the Company's reports filed with the ASX. Actual values, results or events may be materially different to those expressed or implied in this document. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Any forward looking statement in this document is valid only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, or any other Listing Rules or Financial Regulators' rules, the Company, its agents, directors, officers, employees, advisors and consultants do not undertake any obligation to publicly update or revise any information or any of the forward looking statements in this document if events, conditions or circumstances change or that unexpected occurrences happen to affect such a statement. Sentences and phrases are forward looking statements when they include any tense from present to future or similar inflection words, such as (but not limited to) "believe," "understand", "estimate," "demonstrate," "anticipate," "plan," "predict," "may," "hope," "can," "will," "should," "expect," "intend," "projects", "is designed to," "with the intent," "potential," the negative of these words or such other variations thereon or comparable terminology or similar expressions or future may indicate a forward looking statement or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts.