



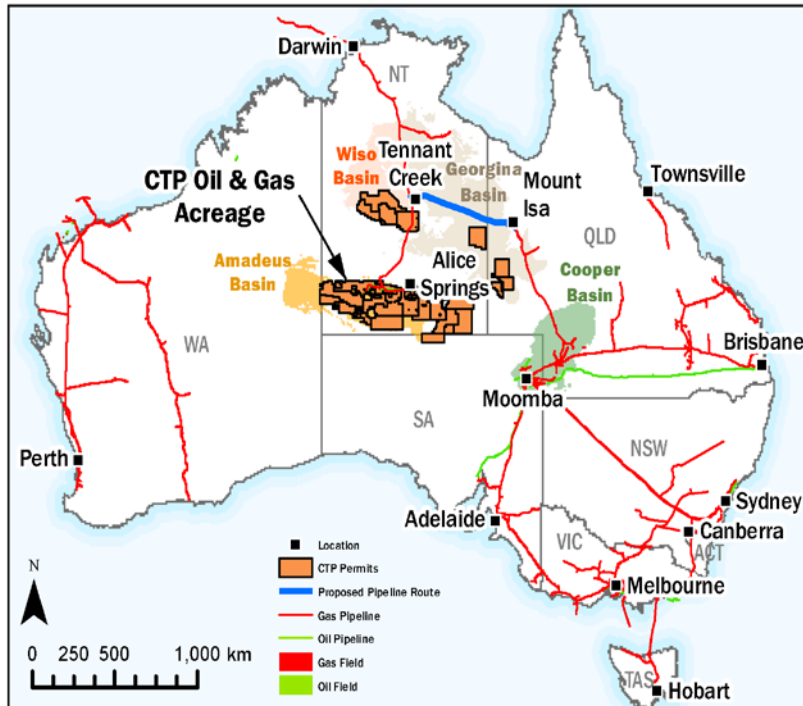
Central Petroleum Limited

Roadshow September 2016

ASX:CTP



The NGP is being built.



- Jemena is constructing and is contractually committed to build a 622km pipeline linking the NT to the east coast market at a cost of around \$800M
- A 12-inch pipeline has been selected, initially capable of 90TJ/d (potential to increase capacity up to 160TJ/d with compression)
- Work has begun on the NGP, including approvals, design and long lead procurement
- Pipe has been ordered and the first delivery is within 30 days
- On schedule for gas to flow to east coast markets from 2018

There is ~**60TJ/d** of pipeline capacity remaining available for new sales (without compression)

Change in NT Government has no impact on Central.



Central Petroleum Limited (“Central”) is a conventional gas producer and is not affected by the change of government as:

- **54%** of our staff are **locally employed**
 - ✓ If NGP reaches full capacity with CTP gas then this will rise to 75%.
- **26%** of our staff are **indigenous**.
- **40%** of **Alice Springs’ electricity** is generated using CTP gas.
- **\$1.5M** extra local **economic activity** annually.
- Over **\$3M** in Northern Territory and CLC **Royalties** this financial year.
 - ✓ Only onshore gas pays royalties to the NT.

“The markets unlocked by Northern Gas Pipeline will generate further employment opportunity at Central for the people of Alice Springs.”



Central at a glance.

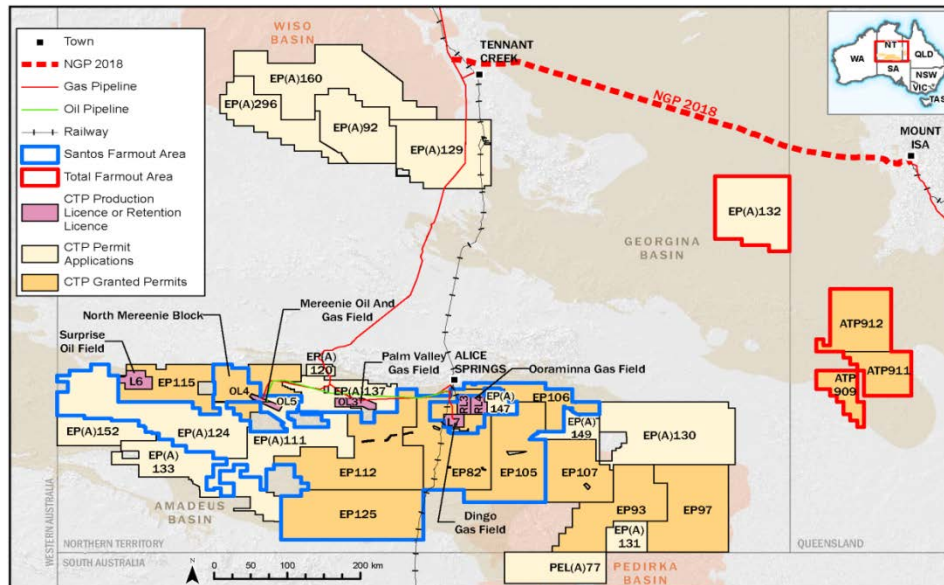


We have technical expertise over the on-shore basins of Central Australia and a distinct competitive advantage in operating efficiencies within the NT giving us the ability to deliver gas to Australia’s east coast by 2018.

Central’s Core Objectives:

- Continue to develop technical excellence in Central Australia’s oil and gas basins
- Create markets to unlock Central Australia’s vast on-shore energy potential
- Making a positive difference in the communities where we operate

Central’s Asset Portfolio:



2 major Exploration Joint Ventures:

- Total → ~\$340M over three phases
- Santos

3 Producing Assets: Mereenie, Palm Valley & Dingo Fields

Over 50% of our exploration acreage is held on a 100% basis - Prime gas exploration potential near infrastructure and the AGP & NGP pipelines

Over 75% of current revenue under long-term fixed price gas contracts.

Seeking new sales into the Northern Territory and the East Coast gas markets.

Central's Operated Gas Fields



Central's Operates 3 Producing Fields:

- Mereenie
- Palm Valley
- Dingo

Current Reserves (Gross JV) *

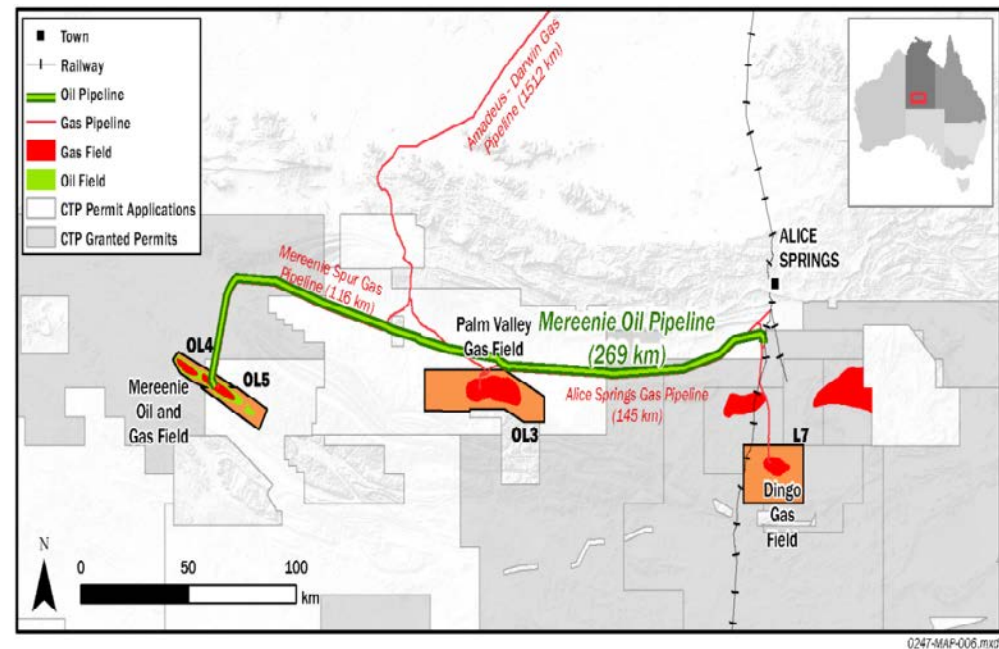
- 207 PJ of 2P
- 234 PJ of 2C

Production Capacity (Gross JV)

- All Fields ~45 TJ/d
- All Facilities ~65 TJ/d

Appraisal program

- 5 additional reserve opportunities identified near existing fields



* See ASX Announcements dated 21 July 2015 and 14 March 2016. Central is not aware of any new information or data that materially affects the information included in these ASX Announcements and all the material assumptions and technical parameters underpinning the estimates in the ASX Announcements continue to apply and have not materially changed.

Financially Positioned to Deliver.



Financials (\$M)

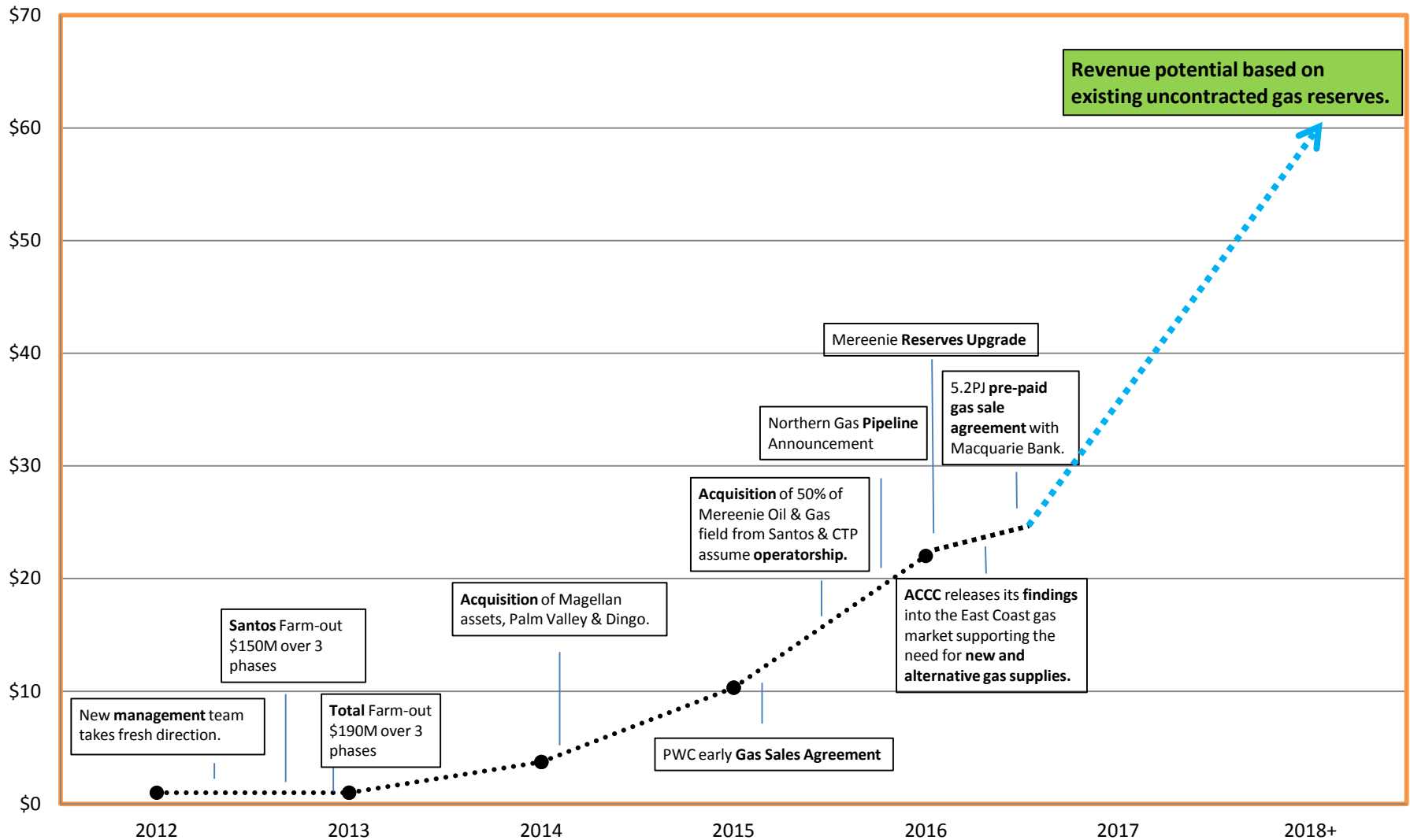
	FY2014	FY2015	FY2016
REVENUE	3.7	10.3	23.9
SALES (BOE)	63,452	259,243	654,071
UNDERLYING EBITDAX ¹	(6.5)	(8.9)	2.9
TOTAL ASSETS	85.7	86.7	151.4
CASH	10.3	3.5	15.1
DEBT	24.0	47.5	85.7

¹ Underlying EBITDAX is Earnings Before Interest, Tax, Depreciation, Amortisation, Impairment and Exploration expense, excluding one-off non-recurring items of income and expenditure.

Capital Structure

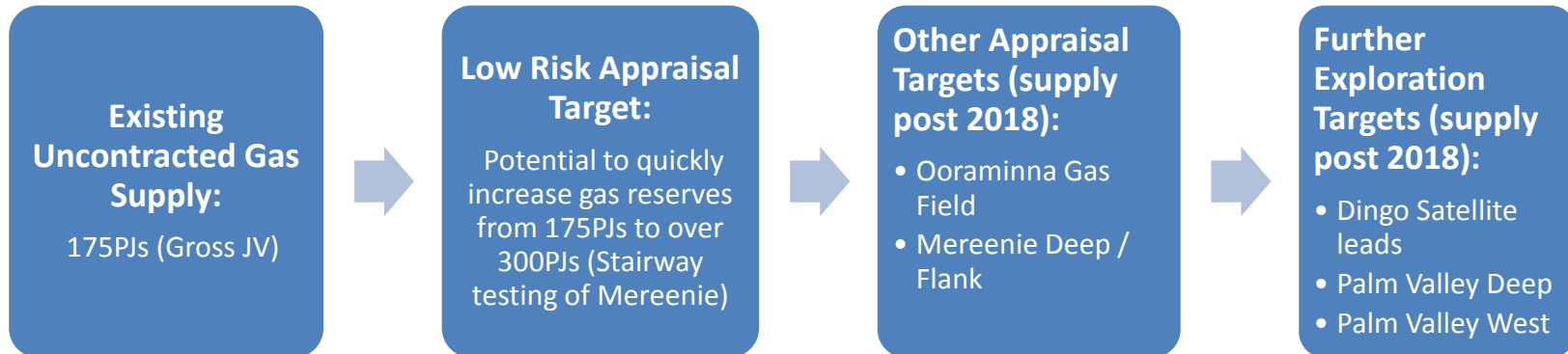
- ❖ MARKET CAP: ~\$45M
- ❖ SHARES ON ISSUE: 433.1M
- ❖ STOCK PRICE (19Sep16): A\$0.10
- ❖ AV. TRADING VOL./DAY: 580,000
- ❖ TOP 20 SHAREHOLDERS: 20%

Revenues Timeline



How Will Central Respond to the Market?

By utilising our significant gas reserves which are available for sales now and do not require hydraulic fracing.



With efficient market pricing signals, Central's gas reserves could underpin significant long-term domestic gas supplies from 2018.

The ACCC released its
**Inquiry into the east coast
gas market in April 2016:**

- Comprehensive and “fully informed” assessment of the east coast gas market
- 12 month study with unprecedented access to confidential market information

Key Findings

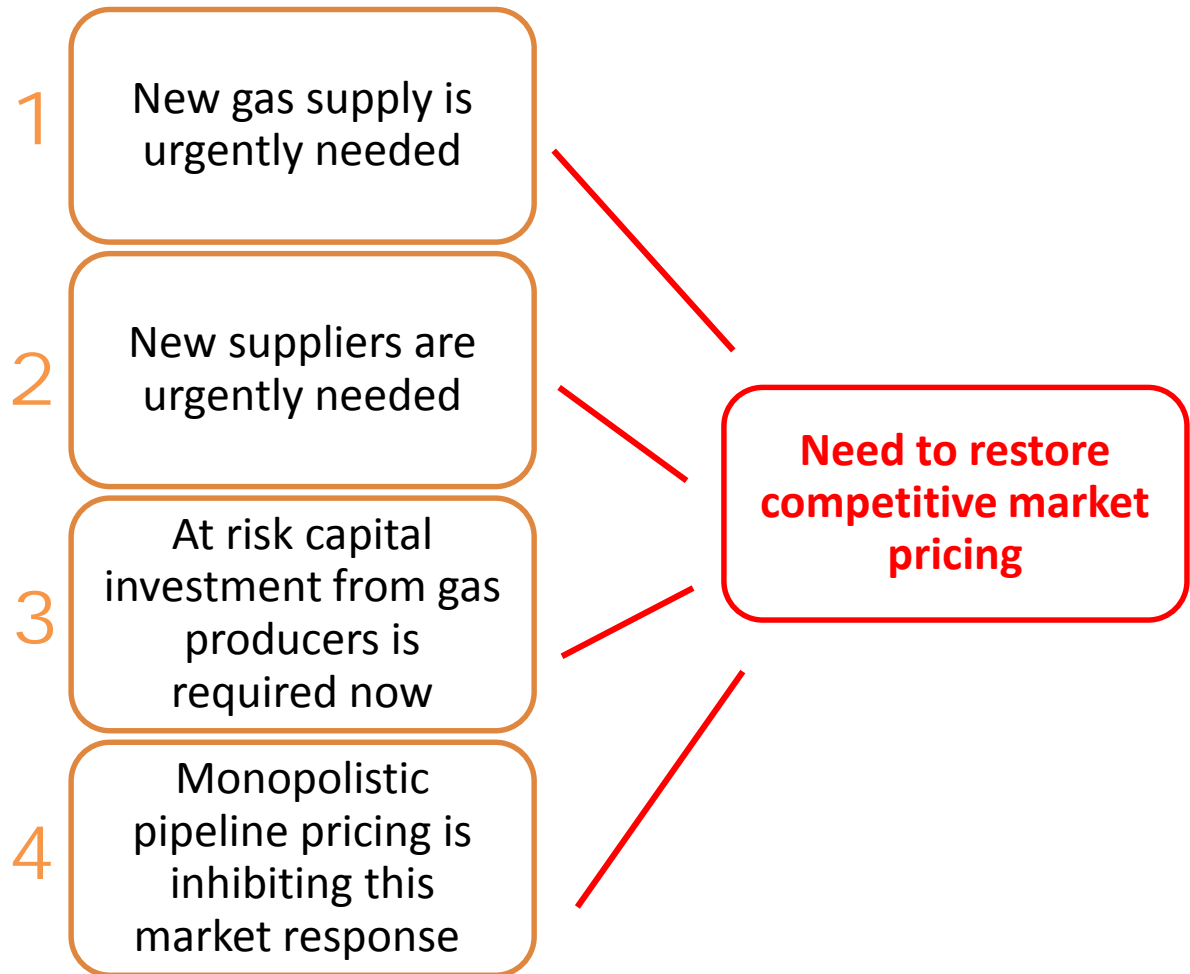
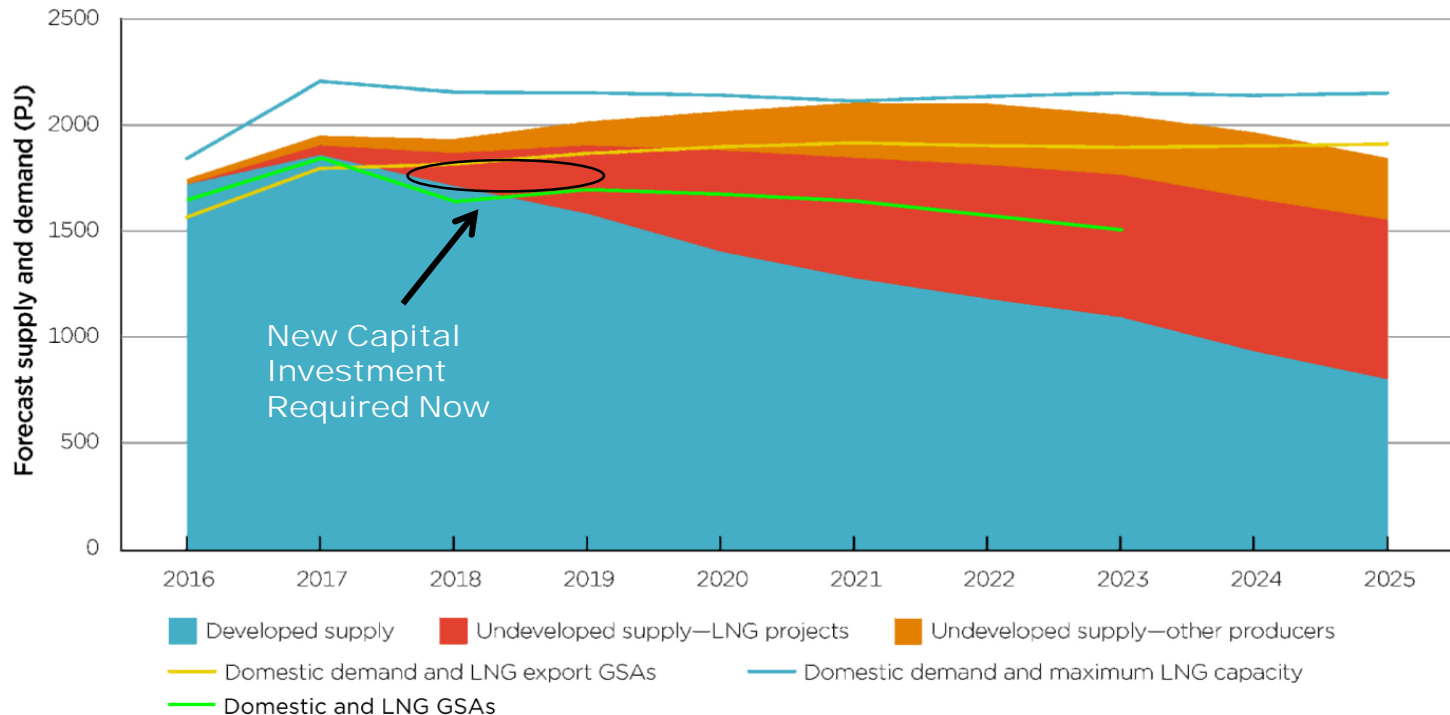


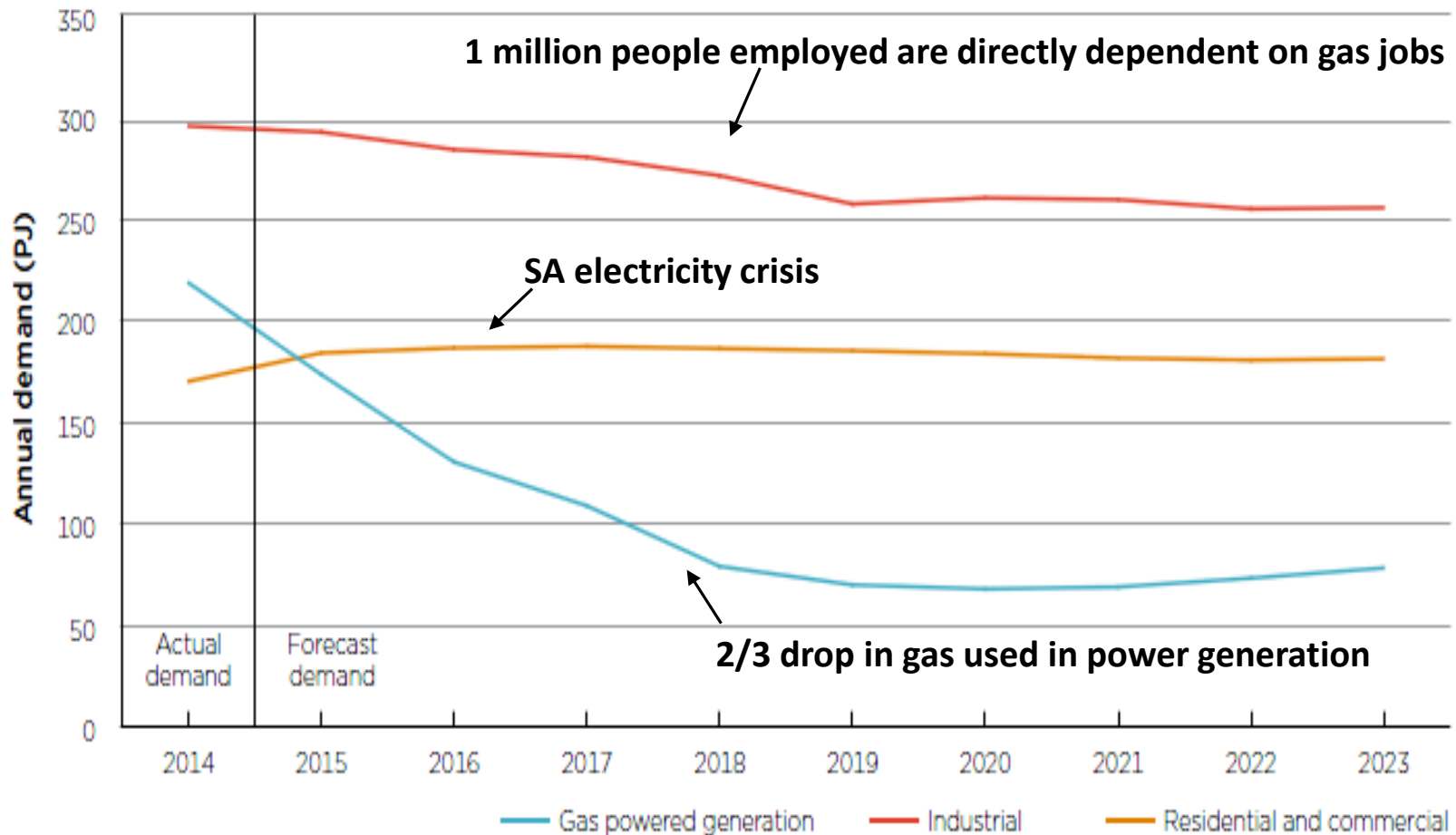
Chart 1.1 Forecast gas supply and demand balance in the east coast gas market, excluding Arrow, 2016-25



- CTP has sufficient gas to supply existing domestic and LNG contracts through 2018.
- Undeveloped supply needs to be brought to market from 2018. *This is at serious risk through moratoriums, ineffective economic regulation of pipeline tariffs, and depressed energy markets generally.*
- The east coast market is critically short of competitive gas supply from 2018.

It is not about Renewables.

Chart 1.6 Actual and forecast domestic demand, 2014-23



Source: AEMO's 2015 National Gas Forecasting Report.

The Gas Shortage is Real.

- Reserve downgrades abound
- Sixth train yet to be commissioned
- When LNG price recovers the impact will be greater
- Seen \$44.90/GJ intra-day high spot gas in Victoria
- Delivered prices risen by over 100%
- YET... There is a two-thirds reduction in onshore exploration in last two years.

Market failure – price signals distorted



- On 19 August 2016, COAG met and moved towards enacting ACCC findings.
- Gas Market Reform Group, headed by Dr Michael Vertigan, formed to report back at December meeting.

“The ACCC found that there were few constraints on the behaviour of existing pipeline operators and evidence of the exercise of market power. Ministers are concerned that, based on the ACCC findings, the current test does not appear to be working, and a new test may be needed to put downward pressure on transport prices. One of Dr Vertigan’s first tasks will be to, in consultation with stakeholders and working with the ACCC findings, draw together what we need to do with the coverage criteria under the National Gas Law to address this issue. Ministers will consider Dr Vertigan’s report at the next meeting.”

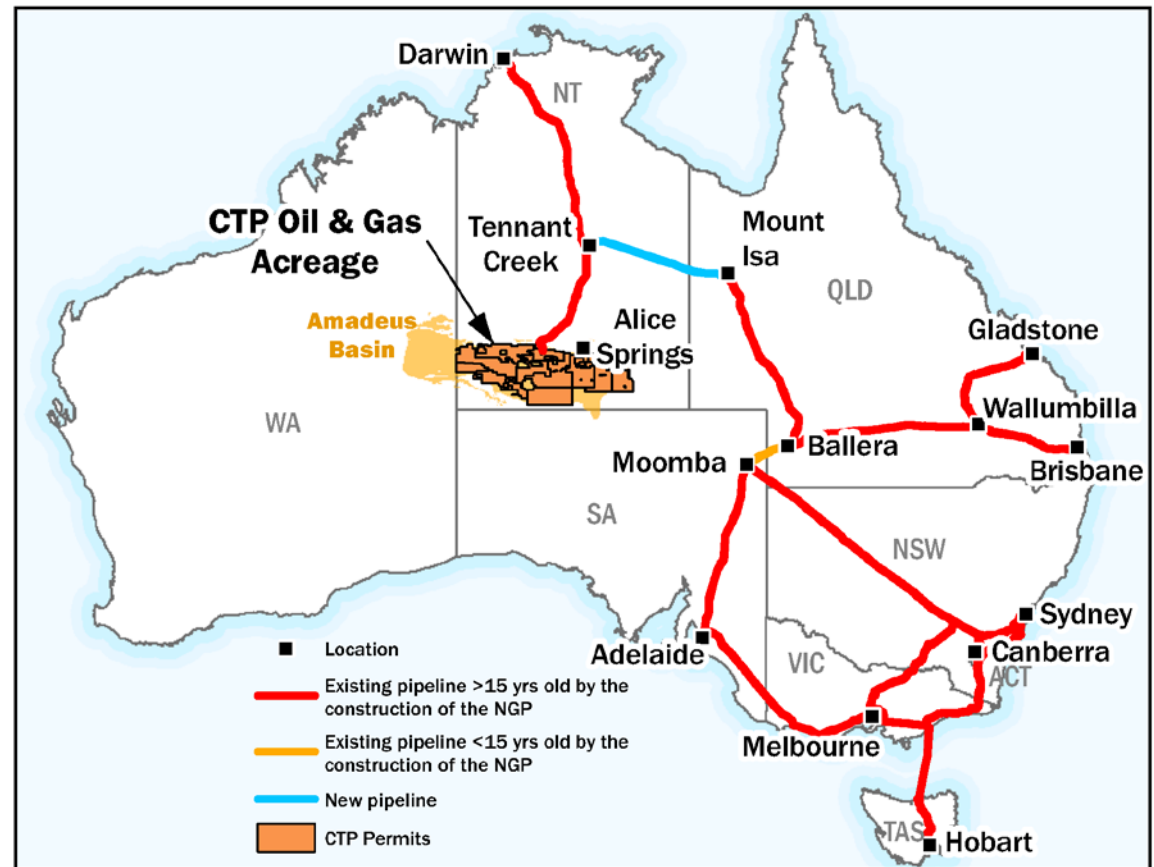
Ministers noted that a key issue for gas market reform is to increase the overall supply and the number of suppliers, particularly in the east coast market.”

- Best resource develops first to underwrite capital for infrastructure.
- More expensive resource then able to develop on the back of infrastructure.
- Price is market clearing mechanism.
- The price signals must go back to where the capital (particular high risk) is needed.
- Fully amortised and paid back infrastructure is absorbing the price signal leading to demand destruction.



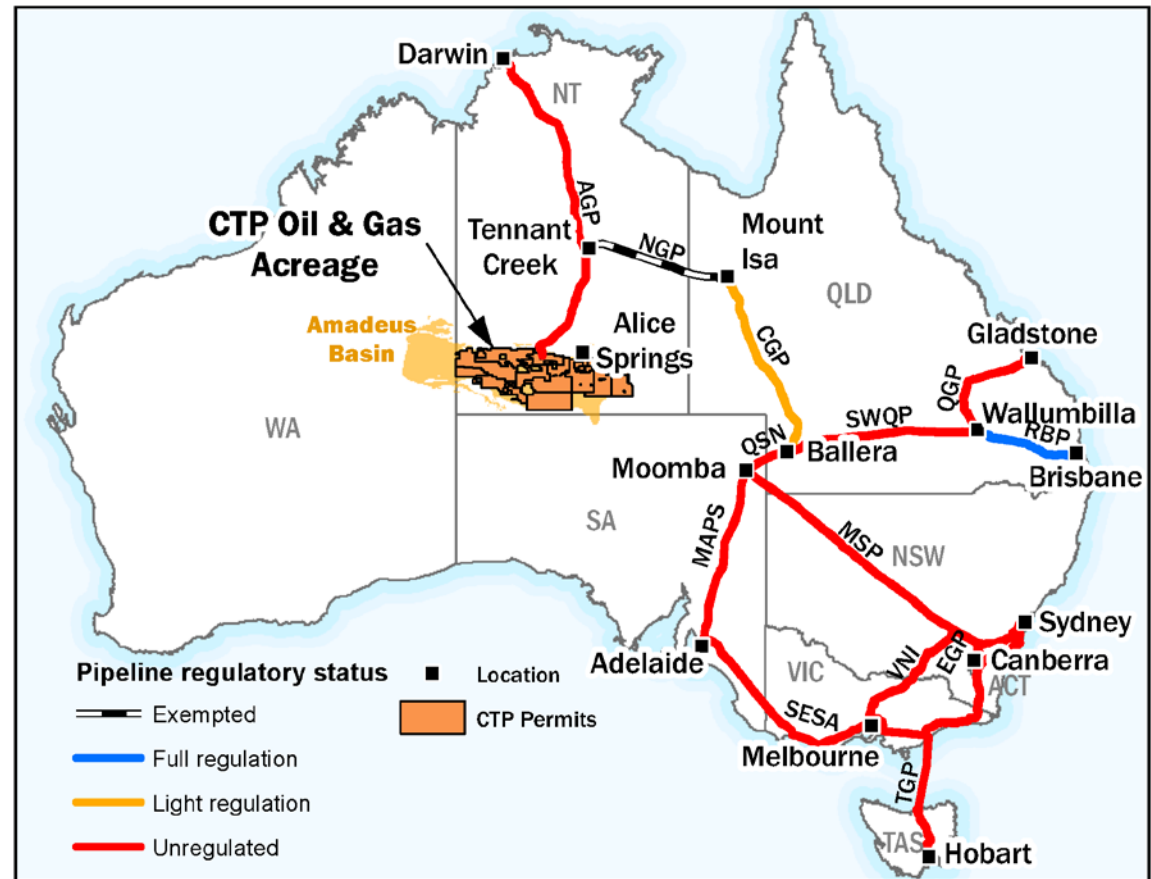
Gas Pipeline Maturity

- A mature pipeline has had its capital cost of building the pipeline substantially recovered from past revenues.
- ~80% of pipelines used by Central to deliver gas to domestic customers on the Eastern Seaboard are mature pipelines (>15 years old).
- Mature pipeline owners have received capital costs and a return on capital for those investments.



Gas Pipeline Coverage

- Most of the existing mature pipelines are unregulated (see adjoining map).
- This is due to the existing coverage test not being adequate to capture these pipelines – this needs to change first.
- Even if covered, there are no effective economic regulations in place to control monopolistic pipeline tariffs.



Central has become Central.



- ✓ NGP is being built
- ✓ Capacity exists for our production from existing reserves
- ✓ Mereenie has the existing infrastructure
- ✓ Appraisal of more reserves unaffected by change of government
- ✓ Inventory of prospects
- ✓ EBITDAX positive last year with only 10 months of Mereenie and despite oil bottoming at US\$30/bbl



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