

25 May 2021

**CENTRAL SALE UNDERWRITES SIGNIFICANT INVESTMENT IN THE AMADEUS
BASIN**

Central Petroleum Limited (**ASX:CTP**) (“**Central**” or the “**Company**”) is pleased to announce it has entered into a binding agreement with New Zealand Oil and Gas Limited (**NZX:NZO**; **ASX:NZO**) (“**NZOG**”) and Cue Energy Resources Limited (**ASX:CUE**) (“**Cue**”) of which NZOG is a 50.04% shareholder, and certain of their respective wholly owned subsidiaries, (together, the “**NZOG Entities**”) to sell 50% of Central’s current working interest in its Amadeus Basin Producing Assets for total consideration valued at circa \$85 million¹ (the “**Transaction**”).

The assets being sold under the Transaction consist of 50% of Central’s interests in its producing assets in the Northern Territory, namely, Mereenie Oil and Gas Field (OL 4/5)² (“**Mereenie**”); Palm Valley Gas Field (OL3) (“**Palm Valley**”); and Dingo Gas Field (L7)³ (“**Dingo**”) (the producing assets together, the “**Sale Assets**” or “**Amadeus Basin Producing Assets**”).

Highlights

- The Transaction comprises a sale of a 50% interest in Central’s share of the Sale Assets, with an effective date of 1 July 2020 in return for consideration comprising of:
 - an upfront cash payment of \$29 million;
 - \$40 million payment by way of “carried” funding for Central’s share of near-term development, appraisal and exploration activities, including a committed two-well exploration programme at Palm Valley and Dingo to commence this year;
 - \$23 million (Central’s book value at the effective date)⁴ through an assumption by the NZOG Entities of obligations to supply up to 4.9 PJ of gas (50% interest acquired at the effective date) which has previously been paid for but not delivered under pre-sale or ‘take-or-pay’ arrangements; and
 - a completion adjustment for net cash flows generated between the effective date and the completion date.
- The Transaction is expected to complete in Q3 2021 with consideration value to be circa \$85m to Central at the expected completion date¹.
- The Transaction is expected to result in an after-tax accounting profit net to Central of circa \$35-\$40 million on the sale¹.

¹ Estimated value at the assumed completion date of 1 August 2021 and subject to final determination of the completion adjustment and movements in liabilities associated with the Sale Assets between the effective date and the expected completion date. See Appendix 1 for further details.

² Including Onshore Pipeline Licence PL2.

³ Including Onshore Pipeline Licence PL30.

⁴ Based on Central’s book value for these liabilities at the effective date, including pre-sale subsequently executed in December 2020.

- The Transaction “carry” of \$40 million net to Central covers payment of certain of Central’s JV expenditure obligations for near-term development and growth activities across the Sale Assets with a total gross JV cost of \$100 million, including two committed exploration wells (Palm Valley Deep and Dingo Deep, with options to complete these wells as producers from the existing production intervals) as well as two development wells currently progressing at Mereenie.
- Central will repay \$30 million of the Macquarie Bank loan facility in the completion quarter.

Transaction Meets Strategic Objectives

Central will achieve the key objectives established for the transaction, including:

- Value accretive pricing with a strong signal for the underlying value and quality of Central’s Amadeus Basin Producing Assets;
- Accelerates growth through a \$40 million “carry” of near term exploration, appraisal and development, equating to approximately \$100 million in gross JV investments;
- Balance sheet improvement through debt repayments and transfer of other deferred gas supply liabilities, totalling circa \$50 million, resulting in a significant reduction in Central’s gearing and net debt;
- Diversifies geological, exploration and development risk through a new joint venture;
- Introduces aligned and capable joint venture partners with strong financial and technical capability to create future value from Mereenie, Palm Valley and Dingo;
- Maintains Central’s role as Operator for the Mereenie, Palm Valley and Dingo fields; and
- Central retains its existing interests in significant growth opportunities not included in the Transaction, including: the Range Coal Seam Gas Project (50%), EP82 Dingo Satellite Area (“**DSA**”) including the Orange-3 target (100%), EP115 including the Zevon multi-Tcf sub-salt target (100%), and EP112 including the Dukas multi-Tcf sub-salt target (30%).

Transaction details

Under the binding sale and purchase agreement and other facilitating agreements, which are subject to certain conditions precedent being satisfied, the NZOG Entities will together acquire 50% of Central’s current working interest in the Sale Assets (“**Sale Assets Interest**”). Central will remain Operator of the Sale Assets.

The Sale Assets Interest acquired by the NZOG Entities will be held 70% by subsidiaries of NZOG and 30% by subsidiaries of Cue of which NZOG is a 50.04% shareholder. The Transaction is subject to customary completion adjustments and conditions precedent, including Central financier, gas sales customer and joint venture consents, regulatory and Foreign Investment Review Board approvals and NZOG obtaining ordinary shareholder resolution approval, noting its 69.9% shareholder O.G. Oil and Gas (Singapore) Pte. Ltd, has already confirmed it will vote in favour of the Transaction. Where the conditions precedent are not satisfied or waived by 15 August 2021 (or 30 days after this date if so elected), then relevant parties may terminate the sale and purchase agreement before completion.

The Transaction's effective date is 1 July 2020, with total consideration at that date consisting of:

- \$29 million as an upfront payment;
- \$40 million as deferred cash payments allocated to fund Central's share of an agreed work programme for development and appraisal activities and a committed two-well Exploration Programme planned to commence this year, and certain other near-term development and appraisal activities;
- \$23 million (Central's book value at the effective date)⁵ through an assumption by the NZOG Entities of obligations to supply up to 4.9 PJ of gas (50% interest acquired at the effective date) which has previously been paid for but not delivered under pre-sale or 'take-or-pay' arrangements; and
- a completion adjustment for net cash flows generated between the effective date and the completion date.

It is expected that the Transaction will complete in Q3 2021 and the consideration value would be circa \$85m to Central at the expected completion date⁶, after adjusting for net cash flows generated, expected carried funding utilised and movement in liabilities associated with the Sale Assets between effective date and the expected completion date.

In the quarter that the Transaction completes, Central will repay \$30 million of the principal outstanding under the Macquarie loan facility, reducing the facility balance to \$36.8 million (should completion occur in Q3 2021).

The Exploration Programme to be funded under the Transaction consists of two committed prospects (Palm Valley Deep and Dingo Deep) which target 192 PJ of (unrisked) mean prospective gas resources (96 PJ net to Central after the Transaction). These are two highly prospective prospects which Central has been progressing throughout the sell-down process, targeting proven hydrocarbon-bearing formations which can be efficiently tied-in to existing and future infrastructure. Both exploration well designs will access production from the existing producing formation in the event that the deeper exploration target is not successful. Drilling has been pre-approved by Central and the NZOG Entities and is expected to commence in Q4 2021.

The Transaction also comprises of the following elements:

- NZOG Entities will have a right to consider purchasing an interest in the DSA which includes Orange-3 should Central ever seek to sell down a portion of its current 100% interest in order to allow NZOG Entities an opportunity to achieve an equalised working interest with Central across operating assets within the Amadeus Basin.
- Central will manage marketing and administration of the NZOG Entities' gas produced from the Sale Assets under joint gas marketing arrangements.
- Establishment of joint venture collective voting arrangements with the intention that Central, NZOG and Cue entities will remain aligned in relation to future voting at the joint venture operating committee level on issues regarding the Mereenie joint venture.

⁵ Based on Central's book value for these liabilities at the effective date, including pre-sale subsequently executed in December 2020

⁶ Estimated value at the assumed completion date of 1 August 2021 and subject to final determination of the completion adjustment and movements in liabilities associated with the Sale Assets between the effective date and the expected completion date. See Appendix 1 for further details.

- Stamp duty for the Transaction will be shared equally between Central and the NZOG Entities.

After completion of the Transaction, Central's share of Proved and Probable (2P) reserves in the Amadeus Basin Producing Assets will be 75.6 PJ of gas and 0.485 mmbbl of oil at the 1 July 2020 effective date, with the Exploration Programme targeting 96 PJ of prospective gas resources (Central's share after the Transaction).

Mereenie Joint Venture commercial arrangement

The Transaction will result in Central retaining the existing gas overlift balance at Mereenie and extending Central's existing three-year gas sale agreement with Macquarie Mereenie Pty Ltd ("MM") (Central's current joint venture partner at Mereenie), which expires on 31 December 2022, through a 2.4 PJ gas purchase agreement to be effective on 1 January 2023.

Central's gas overlift balance at Mereenie will be gradually reduced to nil by mid-2026 at a rate consistent with the current arrangement of 2 TJ/d.

CEO and Board Commentary

Central's Board and Management believe the Transaction to be a major step in executing the Company's strategic objectives. The Transaction will underwrite further exploration and development in the Amadeus Basin and releases a portion of the inherent value in our operating assets, acquired only 6 years ago.

Leon Devaney, Central's Managing Director and CEO said: "Having been so closely involved in the acquisition of our operating assets, I am now excited to see the value, created over what have been difficult market conditions, partially released. Not only are we paying down debt and reducing our liabilities, but our remaining interests will have significant near-term growth upside without funding from Central, with circa \$100 million of JV investment in development, appraisal and exploration in our Amadeus Basin assets."

Mr Devaney added: "I am also very excited to be working with NZOG and Cue to extract full value from our Amadeus Basin operating assets. NZOG, through their major shareholder the Ofer Global Group, has strong financial capacity and a similar approach to Central to maximise shareholder value and create growth from a strong operating foundation."

"Emerging from the 2020 downturn, we set an aggressive growth strategy for the business, and with today's announcement we continue to deliver on that strategy. With our Range Pilot Program underway and FID targeted for 2022, significant development activities across our operating assets, and two significant exploration wells now funded for commencement in 2021, this is an exciting time for Central's shareholders".

Andrew Jefferies, CEO of NZOG said "We have watched with admiration Central's growth in the Amadeus over the past few years, and see real alignment in terms of scale, culture, values and technical expertise, so I am pleased to combine our efforts to further develop these remarkable fields and provide additional gas into the burgeoning Australian market. Like us, Australia sees clean burning natural gas as the key to transitioning to the low carbon future."

Matthew Boyall, CEO of Cue commented on the transaction, "Cue is excited to be entering into this transaction with Central, who have proven themselves to be strong operator of these fields, and looks forward to working together on the planned growth activities."

Conference call details

Central's Managing Director and CEO will conduct an online webcast to discuss the transaction in more detail at 3.00pm, today Tuesday 25 May 2021. To register, follow the instructions on Central Petroleum's website <http://www.centralpetroleum.com.au> or via the following link: <https://app.livestorm.co/central-petroleum-limited/central-petroleum-webcast>.

Flagstaff Partners is acting as financial advisor, and Allens is acting as legal adviser to Central in relation to this Transaction.

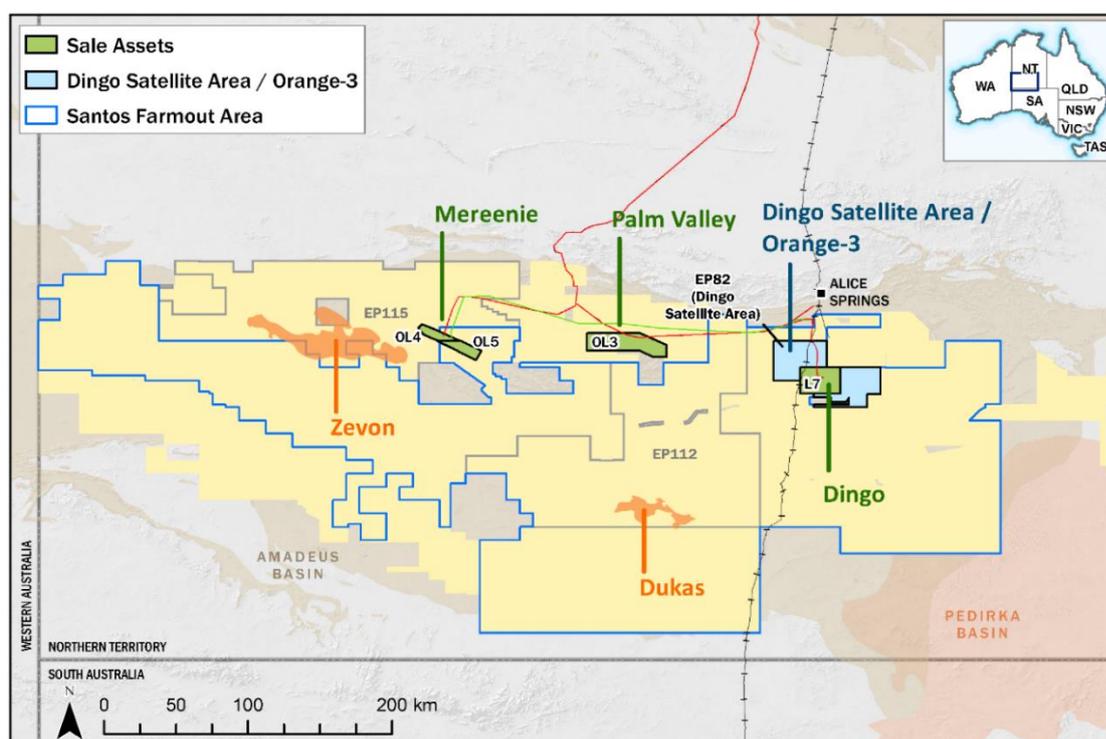
About New Zealand Oil & Gas

New Zealand Oil & Gas is an oil and gas exploration and production company listed on the New Zealand (NZX: NZO) and the Australian (ASX: NZO) Stock Exchanges. It has interests in assets in New Zealand, Australia and Indonesia, including non-operating interests in producing assets Kupe and Maari⁷ located in New Zealand and the Mahato⁷ and Sampang⁷ PSCs located in Indonesia, as well as a number of exploration and appraisal stage assets located in New Zealand, Indonesia and Australia. The company is focused on growth opportunities in Australia and New Zealand and is actively pursuing investments in these regions.

About Cue Energy

Cue Energy Resources Limited is an Australian Stock Exchange (ASX:CUE) listed oil and gas production and exploration company. Cue owns minority interests in the producing Maari oil field located in offshore New Zealand, Mahato PSC oil fields and Sampang PSC gas fields located in offshore Indonesia. Cue Energy has operated and non-operated interests in exploration permits in the Carnarvon Basin, offshore Western Australia and onshore Indonesia. New Zealand Oil & Gas is a 50.04% shareholder of Cue Energy.

Map of Amadeus Basin assets



⁷ Through NZOG's 50.04% interest in Cue

Appendix 1: Total Transaction Value (expected adjustments at Completion)

\$ Million	Effective Date (1 July 2020)	Expected adjustments ⁸	Expected at Completion ⁸
Upfront cash	29		
less completion adjustment		(5) ^①	
add reimbursement of carried expenditure		5 ^②	29
Agreed Carry Programme (Central's share)	40		
less reimbursement of carried expenditure		(5) ^③	35
Assumption of pre-sale and take-or pay supply obligations	23 ⁹		
less deliveries of gas		(2) ^④	21 ¹⁰
Total Transaction Value	92	(7)	85

Upfront cash payment to be adjusted for:

- ① (-) NZOG Entities' 50% share of free cash generated from the Sale Assets between the effective date and the expected completion date, expected to be circa \$5m⁸; and
- ② (+) Central's share of development, appraisal and exploration activity to be funded by NZOG Entities per the Agreed Carry Program expected to be circa \$5m⁸ (See point 3 below)
- ③ Adjusted for spend on development, appraisal and exploration activities between the effective Date and the expected completion date, which are covered by the Agreed Carry Programme (expected to be circa \$5m)⁹
- ④ Change in value of liabilities due to deliveries of gas under the pre-sale and take-or-pay arrangements, between the effective date and the expected completion date. NZOG's share of obligation is expected to be 4.2 PJ at completion¹⁰.

⁸ Estimated value at the assumed completion date of 1 August 2021, subject to the actual cash flows and working capital movements prior to completion

⁹ Based on Central's book value for these liabilities at the effective date, including pre-sale subsequently executed in December 2020

¹⁰ Based on Central's expected book value for these liabilities if the Transaction completes on 1 August 2021

About Central Petroleum

Central Petroleum Limited (Central) is a well-established, and emerging ASX-listed Australian oil and gas producer (ASX: CTP). In our short history, Central has grown to become the largest onshore gas producer in the Northern Territory (NT), supplying industrial customers and senior gas distributors in NT and the wider Australian east coast market.

Central is positioned to become a significant domestic energy supplier, with exploration and development plans across 180,000 km² of tenements in Queensland and the Northern Territory, including some of Australia's largest known onshore conventional gas prospects. Central has also completed an MoU with Australian Gas Infrastructure Group (AGIG) to progress the proposed Amadeus to Moomba Gas Pipeline to a Final Investment Decision.

We are also seeking to develop the Range Gas Project, a new gas field located among proven CSG fields in the Surat Basin, Queensland with 135 PJ (net to Central) of development-pending 2C contingent resource.

Reserves and Resources Estimates**Estimates of Prospective Resources**

The volumes of Prospective Resources included in this announcement represent the unrisks recoverable volumes derived from Monte Carlo probabilistic volumetric analysis for each prospect as first reported to ASX on 7 August 2020 for Dingo, Orange and Palm Valley.

Inputs required for these analyses have been derived from offset wells and fields relevant to each play and field. Recovery factors used have been derived from analogous field production data.

Cautionary statement: the estimated quantities of petroleum that may *potentially be recovered* by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Estimates of reserves and contingent resources

Reserves and contingent resources for the Mereenie, Palm Valley and Dingo fields in this report are as at 30 June 2020 and were first reported to ASX on 24 July 2020, adjusted for Central's reduced interests as a result of this Transaction.

2C contingent resources for the Range Gas Project were first reported to the market on 20 August 2019.

Central confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed

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