



March 2020 Quarterly Update

14 May 2020

Central Petroleum Limited (ASX:CTP)





March quarterly highlights

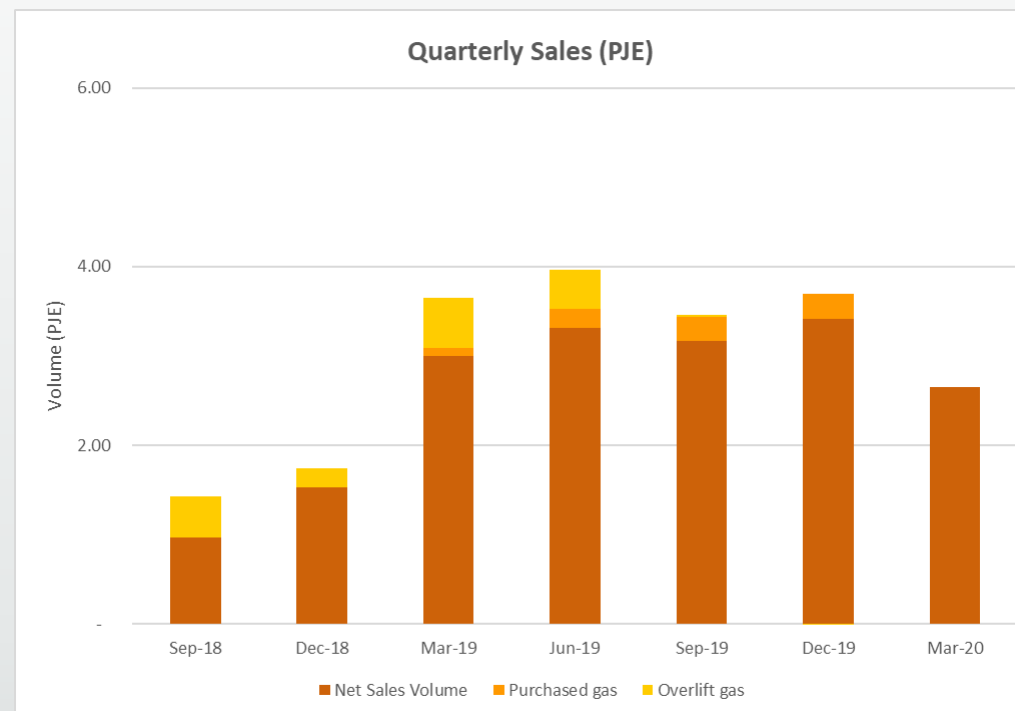
- Oil oversupply and lower energy demand following COVID-19 has generated sudden and unprecedented shocks to the energy sector
- Lower quarterly revenues (18%) reflect these very depressed market conditions, but demonstrate the value of our long-term, firm gas supply contracts.
- Central's business is much more financially resilient and well-placed to ride-out market cycles
 - \$26.1 million cash balance, one of Central's highest ever quarter ending cash balances
 - Loan maturity extended to September 2021 and low debt service requirements
 - Corporate costs reduced and discretionary expenditures paused
- Focus now on returning to full growth mode ASAP



March quarter sales volume

Sales volume: 2.7 PJE, down 27% on last quarter:

- Historically weak spot gas market conditions for uncontracted production
- Volumes essentially reflect our portfolio of fixed-price, long-term gas supply agreements
- Replaced 100% interest in 20 TJ/d firm contract with new 20 TJ/d firm/as-available contract at 50% interest from 1 January
- No longer over-lifting gas at Mereenie or purchasing surplus gas from our partner
- Returned 0.45 PJ of previously over-lifted gas (will continue at 0.18 PJ per quarter)



Our strategy to build a solid financial foundation, backed by fixed-price long-term gas supply contracts, enables us to weather an extended period of low oil and gas prices.



March quarter revenues

Product	Unit	FY20 Q3	FY20 Q2	FY20 YTD	FY19 YTD
Gas	\$'000	13,987	16,487	45,671	31,817
Crude and Condensate	\$'000	1,297	2,059	5,326	6,985
Total Sales Revenue	\$'000	15,284	18,546	50,997	38,802
Revenue per unit	\$/GJE	\$5.76	\$5.03	\$5.20	\$5.68

Revenue: \$15.3M, down 17.6% on last quarter

- Sales volume reflects our portfolio of fixed-price, long-term gas supply agreements
- Oil accounted for just 8.5% of total revenues for the quarter, with realised oil prices down 29%
- Average unit sales price of \$5.76/GJE across portfolio, up 15% from last quarter
 - Low spot sales volume during quarter (80 TJ)
 - New gas long-term, fixed price contract commenced 1 January at favourable price
 - Strong portfolio of fixed price, long term gas sale agreements
- Year to date sales revenues of \$51 million are 31% higher than the corresponding period in 2019, demonstrating our new financial resilience following execution of the Gas Acceleration Programme and commencement of the Northern Gas Pipeline in January 2019.



Strong FY2020 financial performance

Metric	Unit	Sept Qtr.	Dec Qtr.	March Qtr.	Comment
Sales volume	PJE	3.5	3.7	2.7	Includes purchased gas sold. March quarter sales include minimal spot sales and reflect firm contracted volumes.
Sales revenue	\$M	17.2	18.5	15.3	Includes revenue for pre-sale deliveries and sales of purchased gas. Oil revenues lower due to historically low prices.
Average sales price	\$/GJE	4.96	5.03	5.76	Unit prices include lower oil prices, supported by strong firm sales portfolio and a new firm contract commencing in January.
Net cash flows:					
- Operating	\$M	4.4	3.9	5.6	Operating: Includes \$3.2M cash received in January for CY2019 take-or-pay volumes not taken Investing: March includes Range proceeds of \$7.7M received.
- Investing	\$M	(0.8)	(0.6)	7.0	
- Financing	\$M	(4.9)	(4.9)	(1.4)	
Net cash flows	\$M	(1.3)	(1.6)	11.2	March quarter net cash flow (including debt service) is positive at \$0.3M after excluding annual take-or-pay receipts and one-off Range proceeds received.
Debt repaid	\$M	4.75	4.75	1.0	Scheduled loan repayments at \$1.0M per quarter to September 2020 and then \$2.0M per quarter thereafter. Accelerated loan repayments were made through CY2019.
Net gearing	%	54%	53%	47%	Net gearing based on Market Capitalisation as at 31 March 2020
Cash balance	\$M	16.5	14.9	26.1	



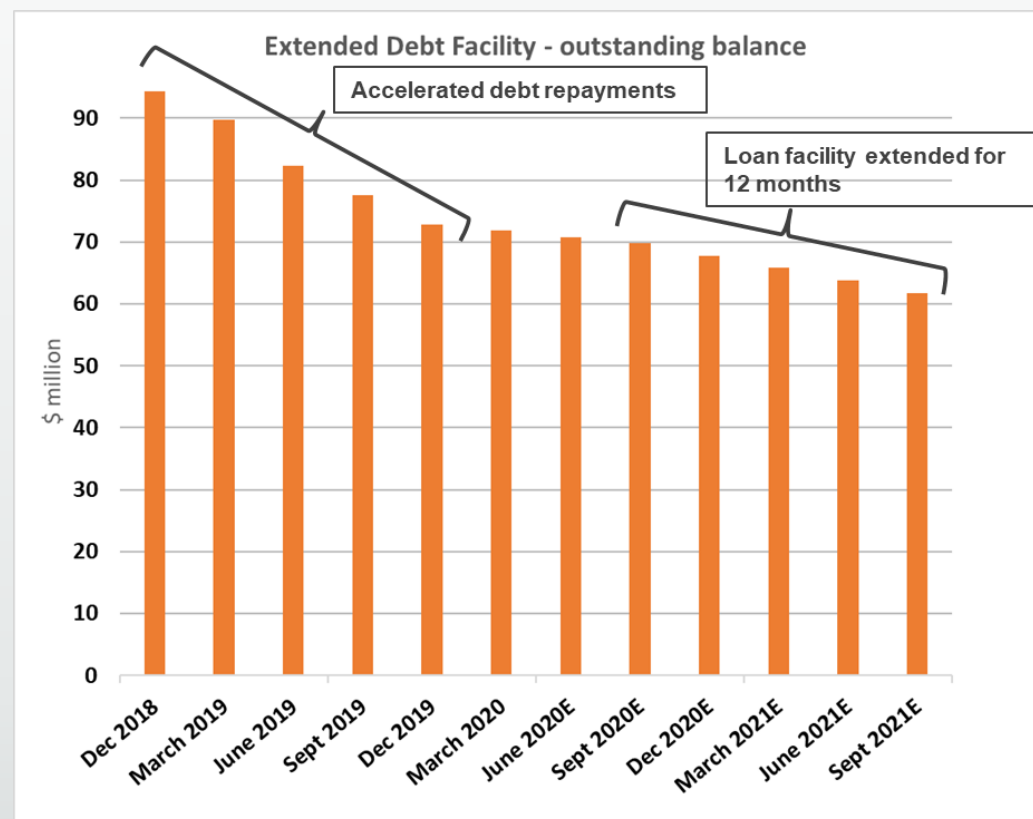
Reducing liabilities

Extended finance facility:

- Matures September 2021
- Only \$6 million of scheduled repayments in next 12 months
- Facility interest costs very efficient (5.87% pa at 31 March)

Other liabilities continue to be unwound:

- Pre-sold gas: 432 TJ of gas delivered in March Quarter. Balance will be repaid over the next two years
- Overlift gas: 449 TJ of gas returned in March quarter. Target to reduce this by 180 TJ per quarter through 2022





Conserving capital

We responded quickly to deteriorating market conditions by reducing costs and deferring discretionary expenditure:

- Reduction of head office positions by 10% (20% reduction including contract staff)
- Deferred investment in new production wells as additional production capacity is not required to meet current firm gas supply contracts
- Paused Range pilot programme and pre Financial Investment Decision (FID) activities

We have preserved the ability to quickly resume growth activities when business conditions permit



Financially resilient

- ✓ Cash balance of \$26.1 million at 31 March
- ✓ Positive March quarter run rate cash flow of \$0.3 million after debt service and excluding one-offs
- ✓ Limited direct exposure to oil prices - only 10% of YTD revenues are from oil sales
- ✓ Long term, fixed price gas contracts – provides downside protection from take-or-pay gas sales of 8.5 PJ/pa worth \$48 million pa
- ✓ Modest debt repayments required in the next 12 months
- ✓ Discretionary capital expenditure can be adjusted to reflect prevailing market conditions
- ✓ There is no material mandatory capital expenditure required to maintain plant capacity in the near term
- ✓ There are no material exploration commitments that must be funded over the next 18 months.



Return to full growth mode

Producing assets

- Production capacity is sufficient to satisfy existing firm contracts
- New production well necessary to return to 2019 sales levels
- A new well could be funded from existing cash balances
- This investment to increase production deferred until new firm gas contracts are secured
- Commencing a formal gas marketing process to secure new long-term firm gas supply agreement(s)

Range Gas Project

- Development could nearly double existing reserves and production
- Pilot and pre-FID activities paused to preserve capital
- \$6M for pilot / and up to \$9M for pre-FID (estimated CTP share)
- Funding through cash flow possible over time
- Farmout, structured finance and 3rd party infrastructure delivery could quickly restart and accelerate FID

Exploration Programme

- \$51 million exploration programme targeting significant new gas volumes
- Planning and approval applications are being advanced
- To be fully-funded by farm down of NT assets – attracting strong interest
- Indicative farm-out bids expected mid-year
- Targeting farm-out completion 2H 2020
- Drilling schedule targeting 1H 2021

Dukas

- Multi-TCF target
- Well suspended due to over-pressured zone
- Significant farm-out/JV and well design issues being considered
- Central and Santos continue to collaborate closely on a forward plan to complete Dukas exploration
- Optimistic a forward plan can be in place by end of quarter

Other business development activities have been identified and are being pursued



Key takeaways

- Prudent financial management to ensure financial resilience during market downturn
- Significant growth strategies remain valid with company-changing potential
- Focus is to restart and accelerate growth ASAP

“We have taken prudent steps to conserve resources and preserve value by extending our finance facility and deferring discretionary expenditure so that Central can emerge from these extraordinary conditions, strong and ready to take full advantage of the inevitable recovery in energy markets and the opportunities that will present.”

Central Petroleum MD and CEO, Leon Devaney



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