

# Investor Update

12 May 2023

Central Petroleum Limited (ASX:CTP)



# March 2023 quarter highlights

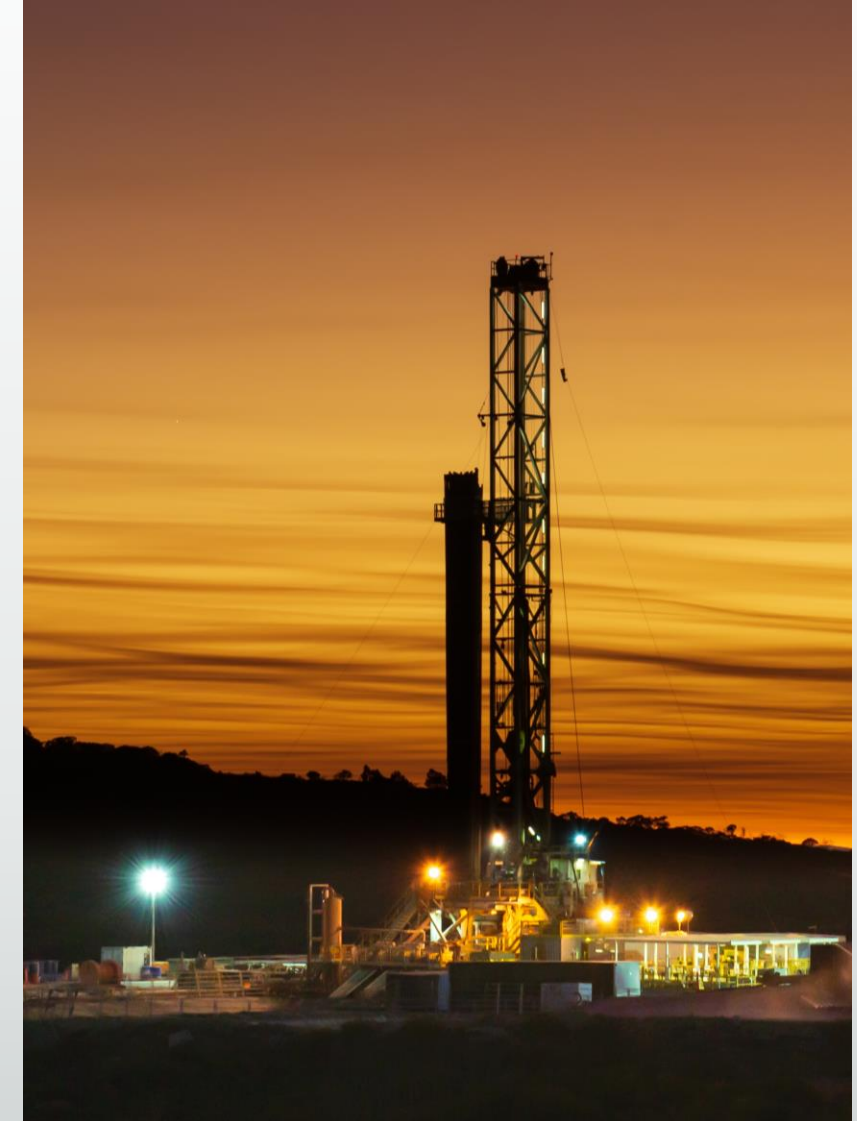
**Revenue up 50% on December quarter:** \$10.9m revenue off back of:

- 25% jump in sales volumes
- 20% higher average gas prices

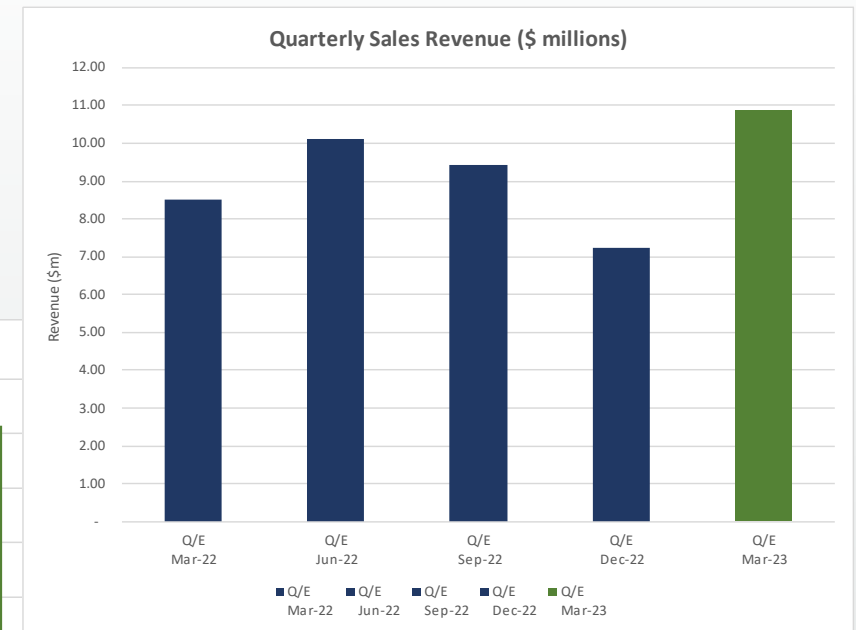
**Subsalt exploration farmout complete:** Farm-out completed, crystallises plans for drilling three exploration wells targeting significant high-value helium, hydrogen and natural gas resources

**Markets:** Safeguard Mechanism and Code of Conduct released by Federal Government - Central likely to be exempt from \$12/GJ price cap from 2024

**Strategic review progressing:** Examining opportunities to realise value throughout portfolio; Recent clarity in market regulations to facilitate progress



# Strong March Quarter Performance



**Sales volume 1.3 PJe**

**Up 25%**

- December volumes impacted by Northern Gas Pipeline outage
- PV12 well commissioned in late November

**Higher prices \$8.15/GJe**

**Up 20%**

Restored access to higher-priced eastern gas markets for much of this quarter

## Further Mereenie production enhancements planned

- Recompletions of five wells currently in progress
- Two new wells planned for later this year (subject to JV approval)
- Flare gas recovery compressor to be installed

**Sales revenues \$10.9m**

**Up 50%**

- Higher volumes
- Stronger commodity prices

# Well Funded for Growth Projects

## Positive cash flows in March quarter

### Cash balance \$14.2m

Up \$0.5m

- + \$3.8m net cash flow from operations less corporate costs
- \$0.7m sustaining CAPEX
- \$1.8m debt service
- \$1.9m exploration: Amadeus sub-salt program. To be reimbursed from farm-out

### Net debt \$15.1m

Down \$1.7m

Loan Balance \$29.3m

## Additional debt capacity to fund future development

### \$11m available at 31 March 2023

Additional debt capacity available to fund development activity

Available in two tranches of \$6m

- First tranche is unconditional with \$1m drawn to date

## Carry funds available

### \$2.1m available at 31 March 2023

Part of consideration for partial asset sale to NZOG/CUE

Available to be invested in increasing production capacity within 12 months:

- Mereenie well recompletions
- Flare gas recovery project

## Peak Helium sub-salt farmout

### Maximum of \$10.6m free carry available from Peak

Central to be carried for its share of costs for planned exploration wells:

- EP82 Mahler well
- EP125 Jacko Bore well

(Carry is capped at gross costs of \$20m per permit)

# Southern Amadeus Sub-salt Exploration

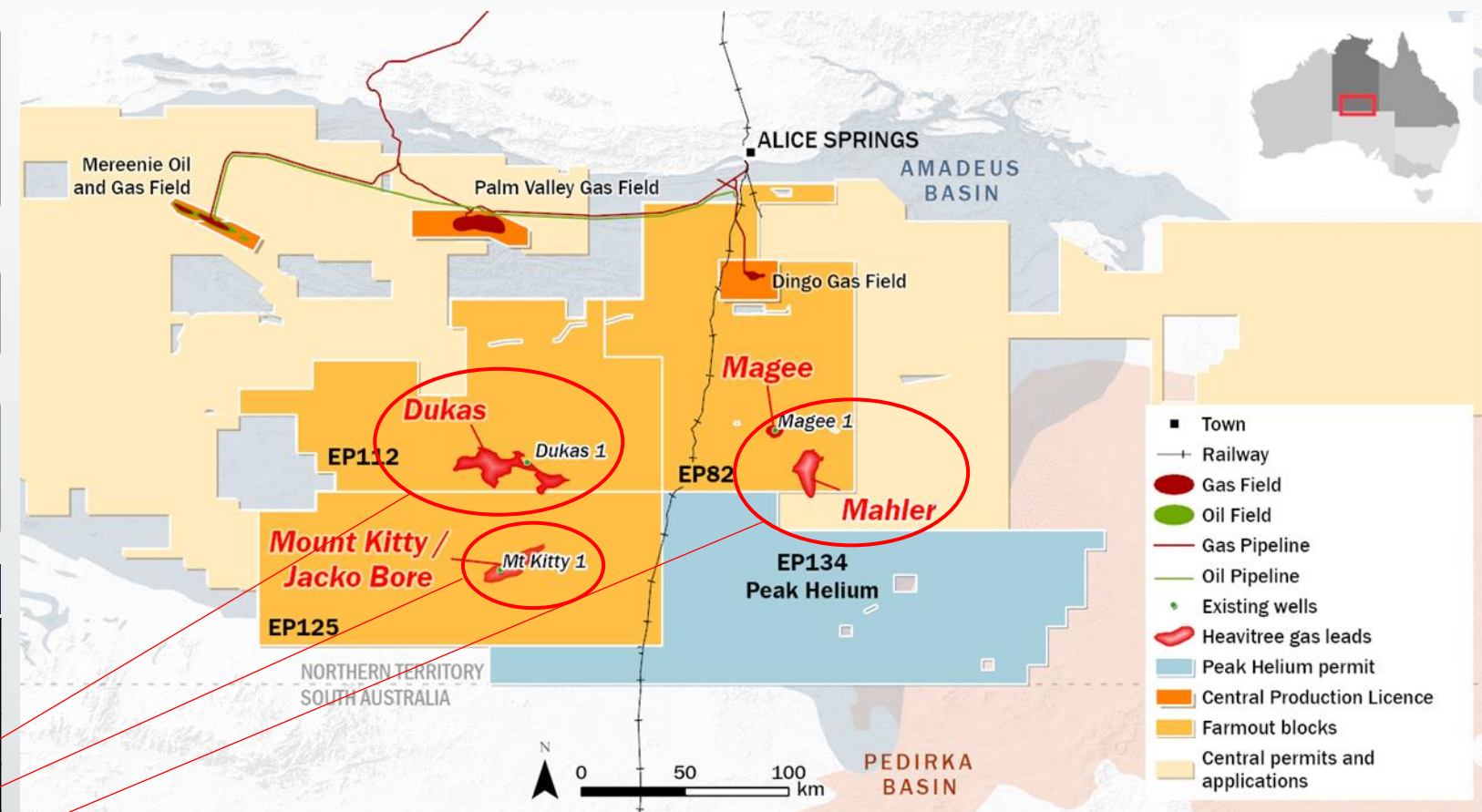
Helium / Hydrogen / Hydrocarbons

**Three wells commencing in late 2023 / early 2024**  
**Jacko Bore-2** lateral designed for flow testing  
**Mahler-1** fractured basement + 3 secondary targets  
**Dukas-2** targeting fractured basement through thinner salt

**Key activities underway**  
Santos (operator) has commenced procurement, rig contracting, approvals

**Peak farm-out**  
Farm-out unconditional at 31 March 2023  
Peak Helium will fund Central's costs for Jacko Bore and Mahler (capped at \$20m gross cost per well)

Ownership interests			
Exploration Permit	After farmouts		
	Central	Peak	Santos
EP 112	35%	35%	30%
EP 125	24%	56%	20%
EP 82	29%	51%	20%



# Southern Amadeus Sub-salt Exploration

## – World-class potential

Success in the Southern Amadeus could deliver multi-tcf of Natural Gas plus world-class helium quantities

### High helium potential in Amadeus Basin

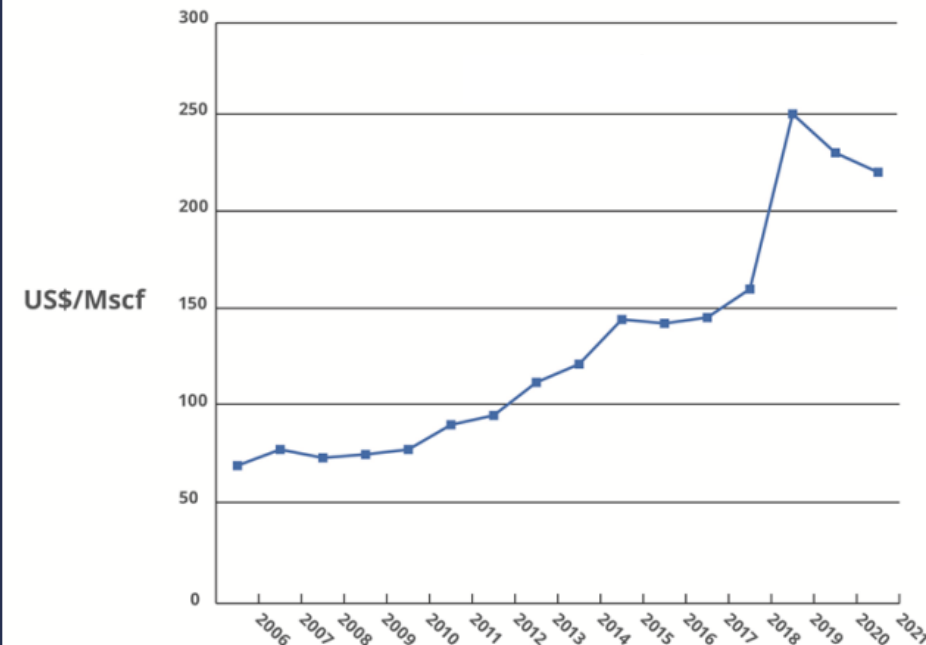
- >95% of helium supply is a by-product of gas or LNG production
- >0.3% helium is considered helium rich
- Helium concentrations in the Southern Amadeus are an order of magnitude higher at 6% (Magee-1) and 9% (Mt Kitty-1).

Gas Compositions	Natural Gas (%)	Helium (%)	Nitrogen (%)	Hydrogen (%)
Magee-1	49	6	44	-
Mount Kitty-1	18	9	61	12

### Strong markets, high value

- Global helium market is ~6bcf/d
- US supply is declining rapidly, future supply is reliant on upcoming LNG projects which often suffer delays and / or lower helium output.
- Prices have climbed rapidly from US\$50/mcf to US\$200/mcf (for supply of bulk liquid helium under long-term contracts).

Historical Price of Bulk Liquid Helium – 2006-2021



Source: Noble Helium Prospectus, 2022

# Peak Farmout Underpins Investment in High Impact Exploration

Farmout completed on 31 March 2023

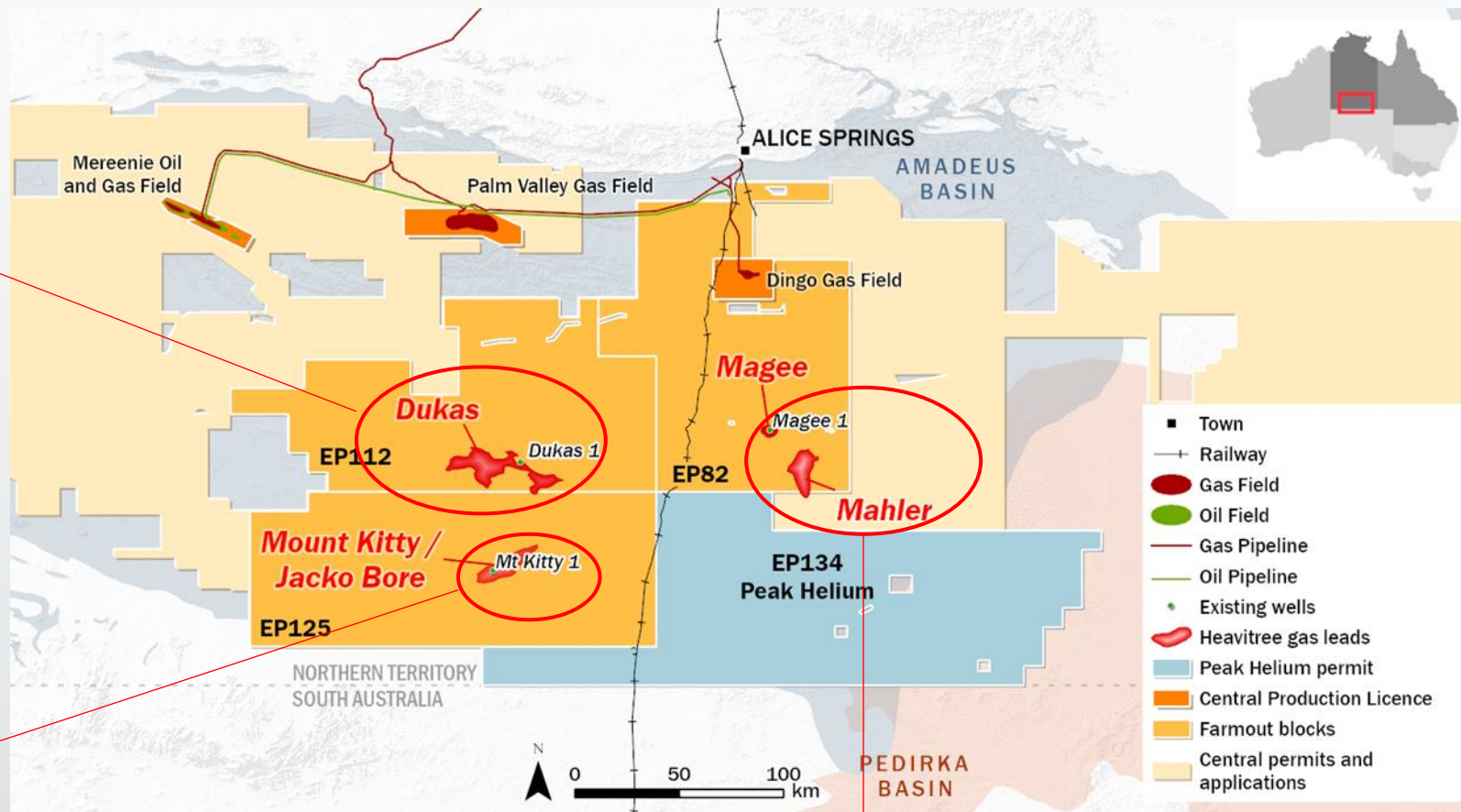
## Key investment drivers

### Dukas (35% interest)

- Enormous potential value
- Mean Prospective Gas Resource<sup>1</sup> includes 199 bcf (Central share 70 bcf) of helium, 253 bcf (Central 89 bcf) of hydrogen and 1.2 tcf (Central 429 bcf) of natural gas
- Significant potential value from helium alone with recent spot prices over US\$500/mcf
- Central to fund its share of drilling costs

### Jacko Bore (Mt Kitty) (24% interest)

- Mt Kitty-1 flowed gas to surface at 530 mscf/d, including helium (9%) and hydrogen (12%)
- 2C Contingent Gas Resource<sup>1</sup> includes 18 bcf of helium (Central share 4.3 bcf)
- Significant potential value from helium alone with recent spot prices over US\$500/mcf
- Central's share of drilling costs expected to be fully covered by Peak farmout (up to \$4.8m)



### Mahler (29% interest)

- Magee-1 flowed gas to surface, including 6% helium
- Significant potential value from helium alone with recent spot prices over US\$500/mcf
- Peak farmout to cover \$5.8m of Central's share of drilling costs

<sup>1</sup> Additional details and statements relevant to reserves and resources on this page are provided in Appendix 1

# Market Regulation

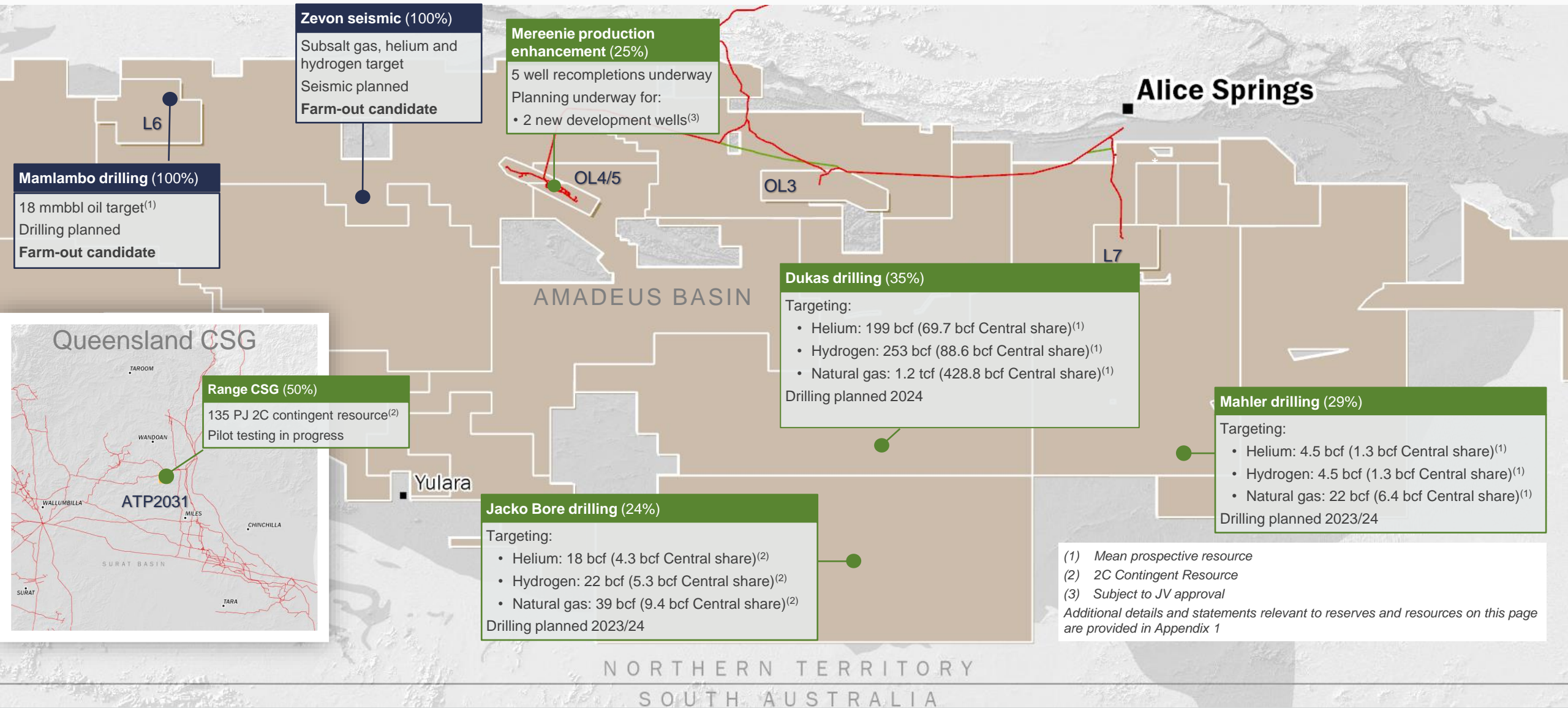
## Safeguard Mechanism and Draft Mandatory Code of Conduct – Key Elements for Central:

- Applicable from mid-2023
- Price cap on gas set at \$12/GJ through 23 December 2023
- Appears to be at point of sale which would include ex-field delivery
- Automatic exemption if 1) less than 100 PJ/year and 2) supply exclusively to the domestic market (other exemptions possible)
- Mandatory emissions reduction targets for major emitters and net zero scope 1 emissions required for new LNG export gas fields

## Impact on Central

- Central should be exempt from the \$12/GJ price cap (not a large producer)
- Substantial market uncertainty remains as market clearing price can be influenced by periodic Government/ACCC review
- Central's facilities are not currently covered by the Safeguard Mechanism as they are under the CO<sub>2</sub> 100,000 tonne threshold
- Exploration success could exceed the threshold. The Amadeus Basin, however, is largely lower CO<sub>2</sub> which should make it easier to achieve “international best practice” emissions targets

# Near-term activity



# The year ahead

***Central is well positioned to take advantage of strong domestic gas markets and participate in its most significant Amadeus Basin exploration program to date***

## **Increasing production to supply strong gas markets**

- Mereenie recompletions currently underway
- Mereenie development wells 2H CY2023 (subject to JV approval)
- Strong prices to boost revenues through re-contracting

## **Major sub-salt exploration program to test new province**

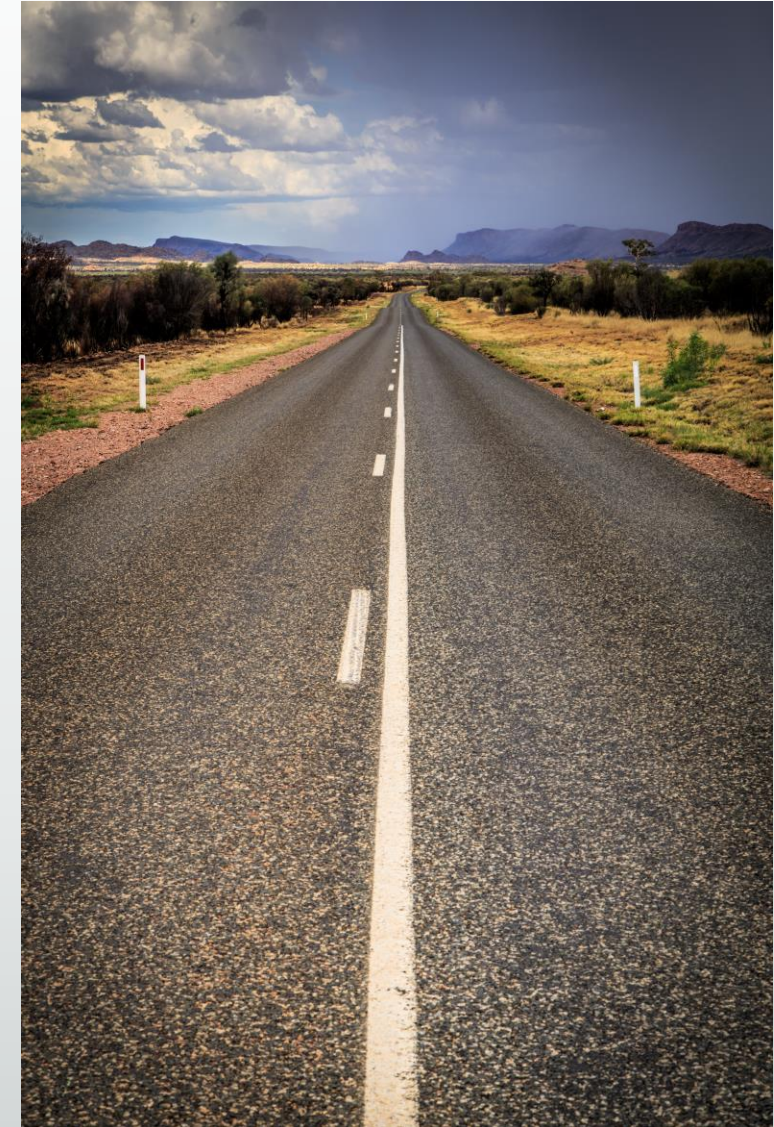
- Three well program to commence late this year / early 2024
- Over \$70m (gross) to be invested in three wells
- Possible world-scale helium resource

## **Other exploration and farmout opportunities**

- Mamlambo oil exploration well
- Zevon sub-salt seismic and exploration well

## **Range appraisal**

- Rising pilot production, appraisal to continue





# Appendix 1

Reserves and Resources Information

# Appendix 1: Resources information

## Prospective Resources

	Units	Low Estimate	Best Estimate	High Estimate	Mean
<b>Dukas (EP112) Central 35% interest</b>					
Helium	Bcf	6.0	39.9	165.2	69.7
Hydrogen	Bcf	7.4	50.8	211.4	88.6
Natural Gas	Bcf	45.2	259.7	986.7	428.8
<b>Mahler (EP82) Central 29% interest</b>					
Helium	Bcf	0.1	0.6	3.2	1.3
Hydrogen	Bcf	0.1	0.6	3.2	1.3
Natural Gas	Bcf	0.3	2.9	15.7	6.4
<b>Mamlambo (L6) Central 100% interest</b>					
Oil	mmbbls	3	13	39	18

## Contingent Resources

<b>Jacko Bore (EP125) Central 24% interest</b>		<b>Units</b>	<b>1C</b>	<b>2C</b>	<b>3C</b>
Helium	Bcf	1.0	4.3	16.6	
Hydrogen	Bcf	1.2	5.3	20.6	
Natural Gas	Bcf	2.2	9.4	35.0	
<b>Range (ATP 2031) Central 50% interest</b>					
Natural Gas	Bcf	-	-	135.1	

### Prospective Resources

The volumes of Prospective Resources included in this report represent the unrisks recoverable volumes derived from Monte Carlo probabilistic volumetric analysis.

The Prospective Resources for the Dukas and Mahler prospects are as at 17 April 2023 as first reported to ASX on 18 April 2023.

The Mamlambo Prospective Resources are as at 9 February 2022 as first reported to ASX on 10 February 2022.

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 a 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 recoverable hydrocarbons.

### Contingent Resources

The volumes of Contingent Resources included in this report in respect of Jacko Bore and the Range gas project were first reported to ASX on 18 April and 21 August 2019 respectively.

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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This presentation was approved and authorised for  
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