



Central Petroleum Limited
(ASX:CTP)

**WHEN WILL WE EVER
LEARN?**

THE ANSWER IS BLOWING IN THE WIND

SYDNEY MINING CLUB PRESENTATION
7 DECEMBER 2017



OVERVIEW – CLOSING THE EAST COAST SUPPLY GAP

- East Coast Gas supply remains short and uncertain from 2018, despite government intervention
- Industrial demand shortfall
- New gas supplies will take 5 years after exploration restrictions/moratoriums are lifted
- Central has gas for delivery from Q4 2018 when NGP is commissioned

ACCC INQUIRY INTO THE EAST COAST GAS MARKET - 2016

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

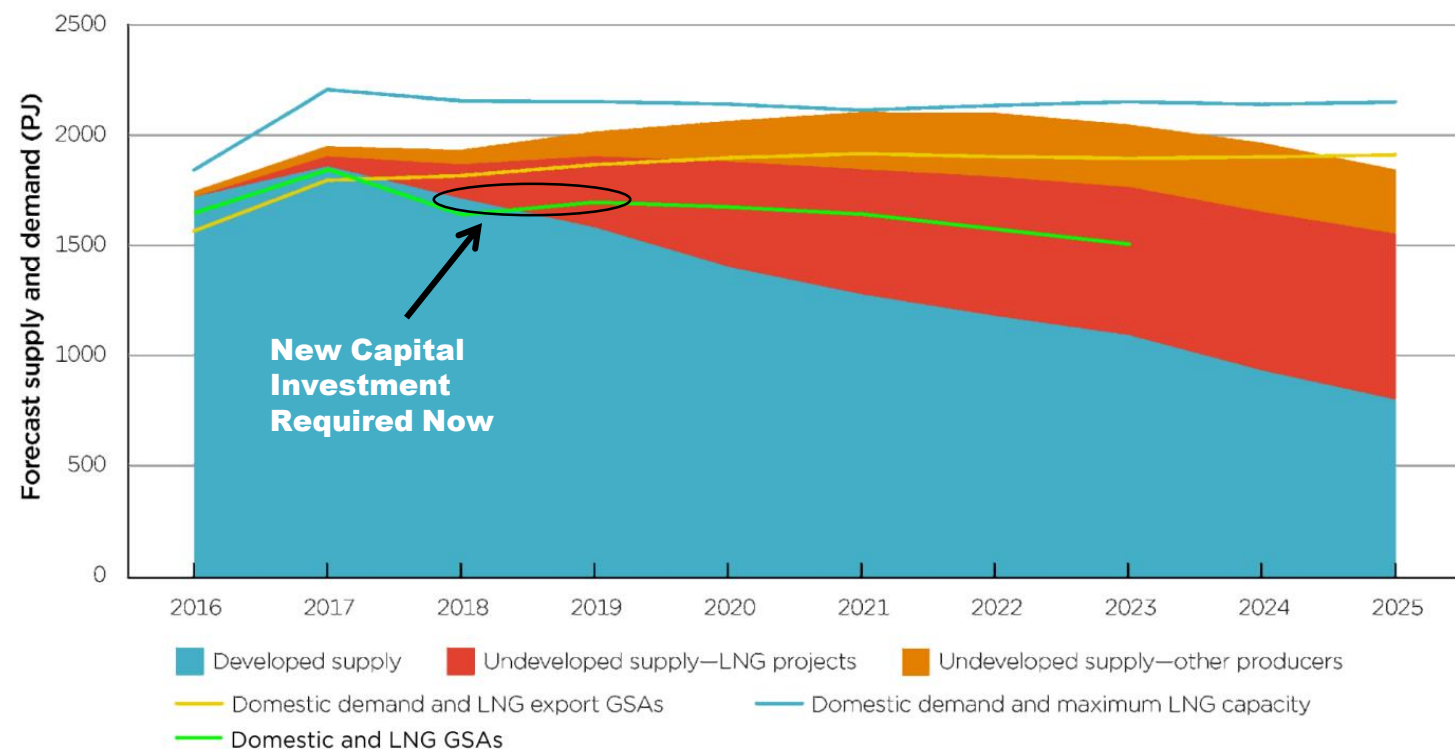


Chart 1.1 Source: ACCC Inquiry into the East Coast Gas Market Report

- Sufficient gas is available for 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 gas from 2018

ACCC INQUIRY INTO THE EAST COAST GAS MARKET - 2016

Chart 1.6 Actual and forecast domestic demand, 2014-23



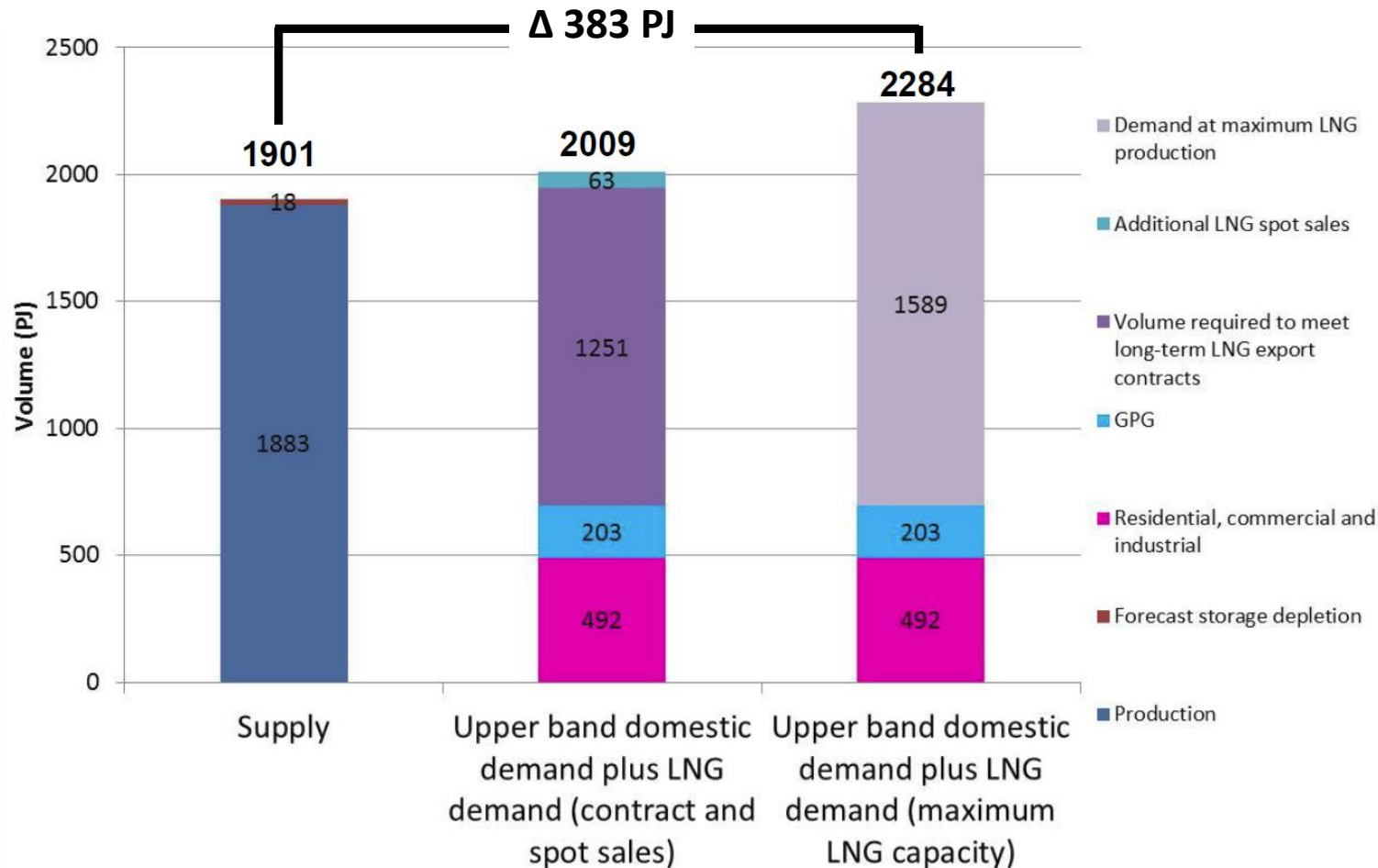
Source: AEMO's 2015 National Gas Forecasting Report.

- The ACCC forecasts already include significant destruction in industrial energy customers and a significant pull back in gas generation
- A gas supply shortfall will cut beyond what has already been factored in
- GPG demand was forecast in 2016 to fall from 200PJ/year to 80PJ/year by 2018



ACCC GAS INQUIRY 2017-2020

Chart 2.4 – Forecast supply-demand balance in the East Coast Gas Market for 2018 (based on AEMO’s upper band domestic demand).



- The ACCC’s 2016 forecast for GPG demand of 80PJ in 2018 has now increased to 203PJ (around 120PJ more than originally forecast)

2022 HINDSIGHT

- Export restrictions on spot LNG where physical pain of shortfall occurs
- To balance market requires gas industry to meet LNG train capacity plus domestic demand
- ACCC requires that 383 PJ p.a. required before export capacity is satiated
- LNG Market will balance in 2022
- Will GPG go down, remain stable, or even increase?
- Liddell (coal) closes in 2022
- For major new supplies to be available will take 5 years minimum for exploration and development, after moratoria are lifted
- Central is NOT affected by the NT moratorium

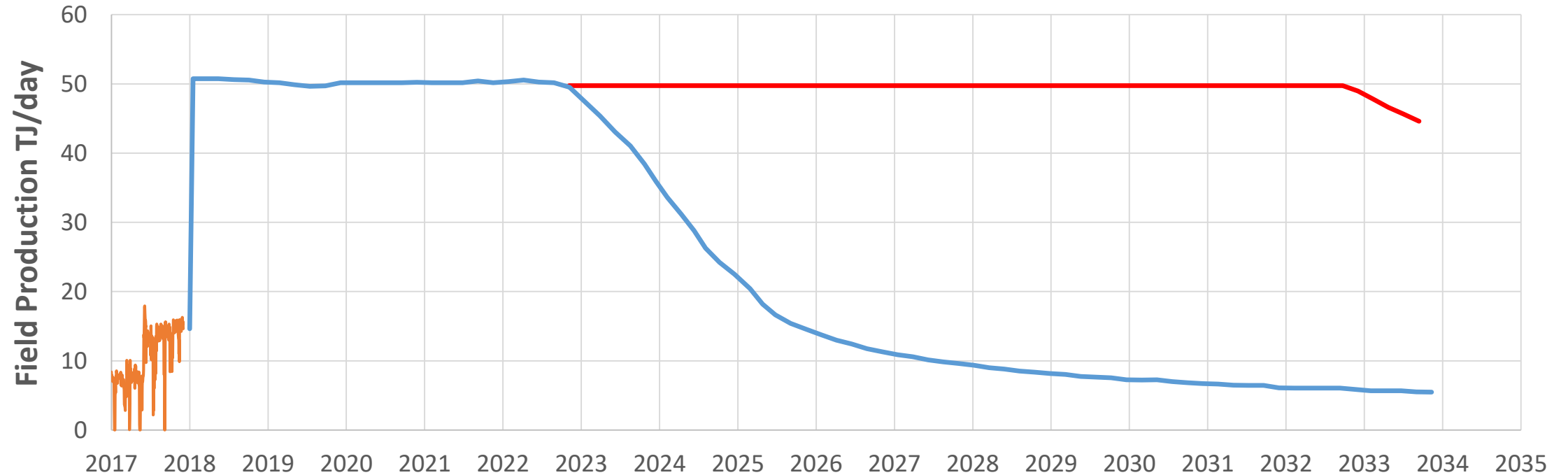
CENTRAL PERFECTLY POSITIONED

- In 2013, Central Petroleum publicly stated that one to two LNG trains too many were being built (annual demand 360-400 PJ)
- 2014 bought Palm Valley and Dingo gas fields relatively stranded as no gas markets in the NT
- 2015 bought 50% of Mereenie oil and gas field – gas stranded by no markets
- November 2015 – Northern Gas Pipeline (NGP) announced
- August 2016 – Pipeline Reforms started
- Mereenie with gas markets ran at 50 TJ/day (18.25 PJ p.a.) and Palm Valley at 20 TJ/day (7.3 PJ p.a.)
- NGP will commence operations within 12-months (November 2018) with 30 TJ/day contracted
- Existing Mereenie reserves sufficient to produce 50 TJ/day for 5-years



50 TJ/d CASE

Case 50 TJ/d



- Plateaux extension Stairway Development
- Total Gas Rate
- 2017 Historic Production



CENTRAL PERFECTLY POSITIONED

- Drilling Programme at Mereenie and Palm Valley aimed at increasing 2P reserves from 126PJ to 400-500PJ with delivery 2022 as existing reserves decline
- Pipeline reforms, if present NGP 569(4)(b) test extended to all pipelines in interconnector market means total costs delivered at Sydney Citygate to be around \$5/GJ
- Processing plant complete - needs to be de-mothballed
- Aiming to fill NGP by time it is operational (late 2018), provided pipeline reforms permit and ACCC joint marketing approval gained. Uncontracted capacity presently roughly 60 TJ/day
- An exciting 12-months ahead

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