

12 July 2022

PALM VALLEY-12 DRILLING UPDATE

The Operator (“Central”) (ASX: CTP) and its Palm Valley and Dingo Joint Venture partners New Zealand Oil & Gas Limited (“NZOG”) (ASX: NZO) and Cue Energy Resources Limited (“Cue”) (ASX: CUE), advise that the current drilling program at Palm Valley and Dingo will be revised to defer the Dingo well and evaluate the lower P2/P3 unit of the Pacoota Sandstone formation (**P2/P3**) at Palm Valley to prioritise near term production into a very strong East Coast gas market.

Revised Drilling Program

- The Palm Valley 12 well (**PV12**), will replace the original deep Arumbera Sandstone exploration target (**PV Deep**) at 3,560m with evaluation of the P2/P3 at 2,061m through a sidetracked lateral of the original well bore. If the P2/P3 target is unsuccessful, the existing strategy to drill the Pacoota 1 (**P1**) formation with a lateral well remains unchanged.
- The Dingo Deep exploration well, scheduled to follow the PV12 well, will be deferred so capital can be redeployed to invest in new near-term development to increase production capacity at Mereenie or Palm Valley. The Dingo Joint Venture will reassess the priority of the Dingo Deep prospect at a future date.
- On current estimates, the revised drilling program will be funded under the carry transaction (within a \$40m cap) with NZOG and Cue¹.

Key Drivers Behind the Revised Drilling Program

- PV12 has experienced very challenging drilling conditions due to the natural fractures at its crestal location and extremely hard rock formations. Continued drilling to PV Deep would have exposed the Joint Venture to ongoing risks of slower progress and higher costs.
- Recent tests of the lower P2 to P4 interval have demonstrated minor flows of gas to surface through a vertical intersection. This makes the P2/P3 an attractive target with reduced drilling risk (relative to drilling a further 1,225m to the deeper target at this crestal location), lower development costs in a success case, and a greater overall chance of success.
- Palm Valley and Mereenie have existing pipeline connections to the very strong East Coast gas market that allows for much quicker development and sale of gas reserves.

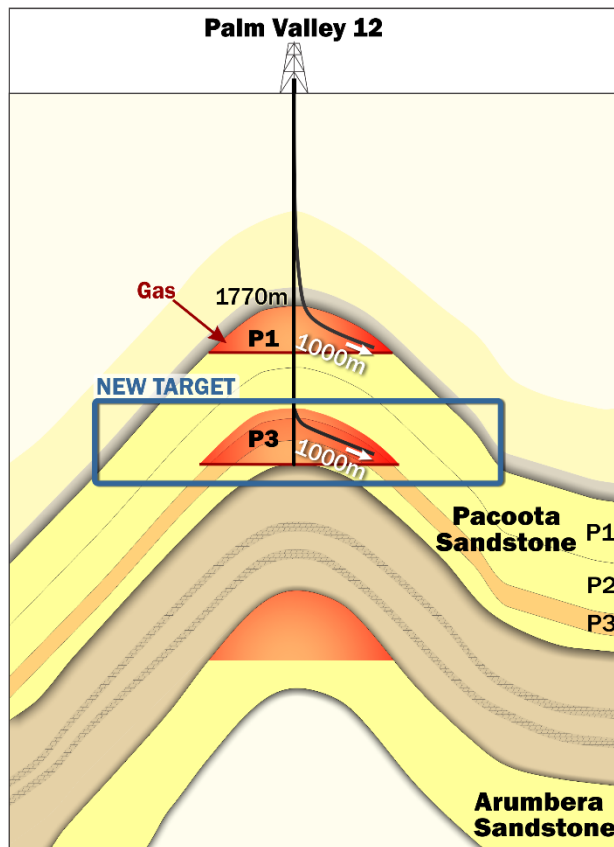
Palm Valley

The PV12 well has been drilling since April and is currently at a depth of 2,335m in the P4 unit of the Pacoota Sandstone. Gas shows were recorded whilst drilling through both the currently productive P1 formation, as well as the P2/P3 formation located 90m below the P1. If evaluation of the P2/P3 is

¹ See Central announcement dated 25 May 2021 titled “*Central Sale Underwrites Significant Investment in the Amadeus Basin*”.

successful, any new production could be connected to existing facilities to increase production and extend the life of the Palm Valley gas field.

The PV12 well has encountered challenging drilling conditions to date, with drilling progress behind schedule due to the natural fracturing and hard rock formations at this crestal location. A lateral P2/P3 well is anticipated to have a higher chance of success than continued drilling towards the deeper exploration target.



Drawing not to scale, other than relative thickness for formations at well bore.

The revised PV12 program will now include a side-track drilled for up to 1,000m into the P2/P3 unit, aiming to maximise intersections with natural vertical fractures.

Alternatively, if the P2/P3 target is unsuccessful, a shallower gas appraisal lateral will be drilled in the currently producing P1 formation with the potential to become a production well.

Dingo deferral to re-allocate capital

The planned Dingo Deep exploration well will be deferred to prioritise near term production-enhancement activities at Mereenie or Palm Valley. The Dingo Joint Venture will reassess the priority of the Dingo Deep prospect at a future date and provide required approvals at that time. The Dingo field is not currently connected to the East Coast market as it supplies gas

directly to a single customer. Commercialisation options for success at Dingo Deep would have required construction of new surface infrastructure and modifications to the Amadeus Gas Pipeline and Alice Springs Pipeline to transport gas to the East Coast market.

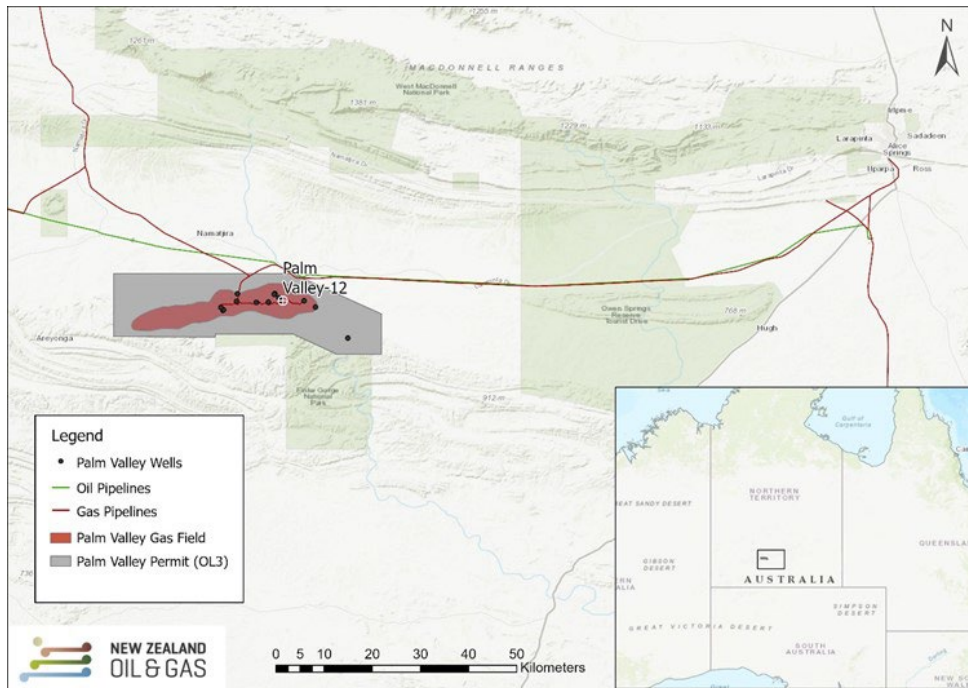
Palm Valley and Mereenie production enhancements

Deferral of the Dingo Deep well will allow the re-allocation of available capital to projects that are planned to deliver additional gas supplies to market within 12 months. The opportunities to increase near-term production include up to six recompletions and two new development / production wells at Mereenie, or additional wells at Palm Valley, with the increased production able to take advantage of strong gas markets. These activities remain subject to joint venture approvals.

“It is a setback to understanding the deeper opportunities” says Andrew Jefferies NZOG CEO. “However, there is no point in fighting nature and there comes a time when discretion is the better part of valour. The pivot will allow us to look for gas in shallower known intervals that can be bought on soon and add great value to the bottom line. The exploration will be there tomorrow, the rocks

have been there a long time, they are not going anywhere but the technology to visualise and reach them is improving by the day. I'd like to thank the team at Central for their efforts to date, they have continued to drill the well safely while engaging with the Joint Venture in a positive manner."

The PV12 well is being drilled under Joint Ventures between Central (50% interest), New Zealand Oil & Gas Limited (ASX: NZO) (35% interest) and Cue Energy Resources Limited (ASX: CUE) (15% interest) and is scheduled to be completed this year.



Location of Permit OL3 and Palm Valley-12 exploration well.