Central Petroleum

CTP.AX

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26 May 2025

New Contracts – Big Price Jump

NEED TO KNOW

- **New NT Government contracts drive 22% qoq increase in pricing and revenue**
- **Blacktip resumes; CTP delivering to East Coast commitments**

First full quarter of new contracts delivers strong price increases: The March quarter (3QFY25) marked CTP's first full quarter under new contracts with the NT Government. Average realised prices rose sharply to $9.78/GJe, up 22% from the previous quarter's $8.01/GJe. This signals a new era of higher pricing for CTP as more legacy contracts are replaced by NT agreements.

Sales volumes steady, revenue up 22%: Sales volumes were steady, with increased output from 2 new Mereenie wells offset by planned maintenance at Mereenie and Palm Valley and well optimisation shutdowns. Higher pricing drove a 22% increase in revenue over the prior quarter.

Blacktip flow rates peak, NGP reopens: The Blacktip offshore well resumed gas deliveries to the NT market in March, peaking at 50 TJ/day in early April before declining to 36 TJ/day by May (prior to a temporary shutdown). With Blacktip back online, the NGP has reopened, and CTP is again delivering into East Coast commitments post-quarter end.

Investment Thesis

Growth opportunities and de-risking for CTP: CTP's gas sales agreements with the NT Government highlight tightening NT market conditions. With strong financial capacity, CTP is well positioned to expand production, secure low-risk volumes, and benefit from attractive, market-based pricing and higher margins.

Mereenie sale signals undervaluation, further re-rating likely: Macquarie's sale of its Mereenie stake suggests CTP's assets are significantly undervalued. The transaction, completed before CTP's NT contracts, implies just one producing asset is worth A$0.07/share – above CTP's current share price of 0.057/share.

Path forward: growth, optimisation, and returns: With higher margins from new contracts and successful Mereenie wells, CTP will focus on boosting production, adding reserves, optimising assets, and disciplined capital management. This positions CTP to potentially begin shareholder returns this calendar year, offering strong option value at current prices.

Valuation and Risks: CTP Stacks Up on Every Metric

Our base-case NPV is A$0.20 per share, highlighting CTP's undervaluation. At current prices, FY26 P/OCF is 1.9x, P/E 3.1x, and EV/EBITDA 1.8x. The share price implies a gas price of A$6.08/GJ, well below our FY25 forecast of A$8.50/GJ and CTP's latest realised price of A$9.78/GJ. On an EV/2P+2C basis, the market average multiple suggests a share price of A$0.077.

Key risks include potential production issues, lack of exploration success, unsuccessful development wells, and increased gas supply in the NT.

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Central Petroleum

Central Petroleum is the NT's largest onshore gas operator, with a portfolio of gas and oil assets focused on the Amadeus Basin. Its strategy is to unlock and commercialise the vast energy potential of the Central Australian basins to take advantage of a predicted tight supply/demand balance in the domestic gas market. www.centralpetroleum.com.au

Valuation	**A$0.200** *(unchanged)*
Current price	**A$0.057**
Market cap	**A$42m**
Net Debt	**A$0.1m** *(31 Mar 25)*

Additional Resources

Video - Catch up with CEO Leon Devaney

Upcoming Catalysts / Next News

Period	
2QCY25	Arafura gas re-contracted
2QCY25	Increase cash flow from NT contracts
CY25	JV partner subsalt exploration
CY25	Decision on capital management
1HCY26	Palm Valley production drilling

Share Price (A$)

Source: FactSet, MST Access

Figure 1: Financial summary, year-end 30 June

Central Petroleum Limited (ASX:CTP)

Year-end 30 June		
Share Price	A$/sh	0.057
52 week high/low	A$/sh	0.07/0.05
Valuation	A$/sh	0.20
Market Cap (A$m)	A$m	42
Net Cash / (Debt) (A$m)	A$m	$0
Enterprise Value (A$m)	A$m	42
Shares on Issue	m	745.2
Options/Performance shares	m	42.2
Potential Diluted Shares on Issue	m	787.4

Ratio Analysis	FY23A	FY24A	FY25E	FY26E	FY27E
EPS	(1.09)	1.68	1.14	1.83	3.10
P/E (x)	–	3.4	5.0	3.1	1.8
EPS Growth (%)		-254%	-32%	60%	70%
CFPS (A¢)	(0.28)	0.93	2.12	2.94	4.38
P/CF (x)	–	6.1	2.7	1.9	1.3
DPS	–	–	–	–	–
Dividend Yield (%)	–	–	–	–	–
EV / EBITDA (x)	13.1	1.8	2.5	1.8	1.2
EV / boe (x)	64.0	48.6	47.7	38.1	11.2
EV / PJe (x)	10.7	8.1	8.0	6.4	1.9
FCFPS					
FCF Yield (%)					

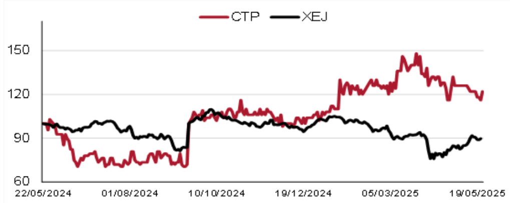
Assumptions (Yr end Jun)	FY23A	FY24A	FY25E	FY26E	FY27E
Brent Oil Price (US$/bbl)	83.20	82.24	77.00	78.5	78.0
Exchange Rate (A$1:US$)	0.673	0.656	0.656	0.656	0.656
Gas Price (A$/GJ)	7.61	7.11	8.50	8.93	9.10

Production	FY23A	FY24A	FY25E	FY26E	FY27E
Gas (TJ/d)	13	12	12	13.96	16.45
Gas (PJ)	4.7	4.4	4.5	5.10	6.00
LPG (kt)	–	–	–	–	–
Oil / Condensate (mmbbl)	0.03	0.03	0.03	0.03	0.03
Total (mmboe)	**0.82**	**0.76**	**0.78**	**0.88**	**1.03**
Gas (mmboe)	0.79	0.73	0.75	0.85	1.00
LPG (mmboe)	–	–	–	–	–
Oil / Condensate (mmboe)	0.03	0.03	0.03	0.03	0.03
Year End Reserves 2P (mmboe)	**12.9**	**12.6**	**11.8**	**10.9**	**9.9**

Reserves As at 30 June 2024	Working Interest	1P Gas (PJ)	2P Gas (PJ)	1P Liquids (mmbbl)	2P Liquids (mmbbl)
Mereenie (OL 4 / OL 5)	25%	28.1	36.6	0.30	0.36
Palm Valley (OL 3)	50%	10.9	11.7	–	–
Dingo (L7)	50%	18.7	22.8	–	–
Total		**57.6**	**71.2**	**0.30**	**0.36**

Valuation	A$m	Risking	A$m	A$ps
Mereenie - OL4 & OL5 (25%)	56	100%	56	0.08
Palm Valley - OL3 (50%)	23	100%	23	0.03
Dingo - L7 & PL30 (50%)	41	100%	41	0.06
Total Operations	**120**		**120**	**0.17**
Net Cash / (Debt)	8	100%	8	0.01
Admin / Corporate / Other	(26)	100%	(26)	(0.03)
Exploration (risk-adjusted)	24	50%	12	0.02
Mereenie & Palm Valley 2C gas (risked)	38	65%	24	0.03
TOTAL VALUATION	**164**		**139**	**0.20**

CTP Relative to XEJ 12 months



Profit & Loss (A$m)	FY23A	FY24A	FY25E	FY26E	FY27E
Oil / Condensate Revenue	3	3	3.3	3	3
LPG Revenue	–	–	–	–	–
Gas Revenue	35	30	38	45	55
Revenue	**38**	**33**	**41**	**48**	**58**
Operating Costs	(17)	(18)	(16)	(16)	(13)
Government Resource Taxes	(3)	(3)	(3)	(4)	(4)
Exploration & Development Expenses	(13)	(4)	(2)	(2)	(3)
Other Net Income / Expense	(2)	15	(3)	(4)	(4)
EBITDA	**3**	**24**	**17**	**23**	**34**
EBITDAX	**14**	**11**	**19**	**26**	**36**
Depreciation & Amortisation	(7)	(8)	(7)	(8)	(9)
EBIT	(4)	16	10	15	24
Net Interest Expense	(4)	(3)	(2)	(1)	(1)
Net Profit before-tax	(8)	12	8	14	23
Tax Expense / Benefit	–	–	–	–	–
Underlying NPAT	**(8)**	**12**	**8**	**14**	**23**
Reported Profit	(8)	12	8	14	23

Cash Flow (A$m)	FY23A	FY24A	FY25E	FY26E	FY27E
Pretax Profit	(8)	12	8	13.60	23.13
D&A & Other Non-Cash Items	6	-6	7	8	9
Tax Paid	–	–	–	–	–
Cash from Operating Activities	**(2)**	**7**	**16**	**21.93**	**32.61**
Development Capex	(3)	(3)	(10)	(18.23)	(10.71)
Exploration Capex	(10)	(3)	(2)	(2.48)	(2.58)
Acquisitions/Other (Net of Sales)	0	12	–	–	–
Dividends Paid	–	–	–	–	–
Free Cash Flow	**(4)**	**16**	**6**	**3.70**	**21.90**
Cash Provided by Financing	(4)	(5)	–	–	(7.45)
Net Change in Cash	**(8)**	**11**	**6**	**3.70**	**14.46**

Balance Sheet (A$m)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash & short term deposits	14	25	31	35	49
Receivables	7	5	7	8	9
Inventories	4	4	6	8	11
Property, Plant and Equipment	60	56	60	71	74
Capitalised exploration	8	8	6	5	5
Intangibles and Goodwill	2	2	2	2	2
Other assets	4	4	4	4	4
Total assets	**98**	**104**	**115**	**133**	**155**
Creditors	3	3	7	8	10
Borrowings	28	23	21	21	13
Other liabilities	48	45	47	50	54
Total liabilities	**79**	**71**	**74**	**79**	**77**
Shareholder equity	19	33	41	55	78
Shareholder Equity + Total Liabilities	98	104	115	133	155

Source: CTP, MST estimates.

March 2025 Quarter: The New Contracts Deliver

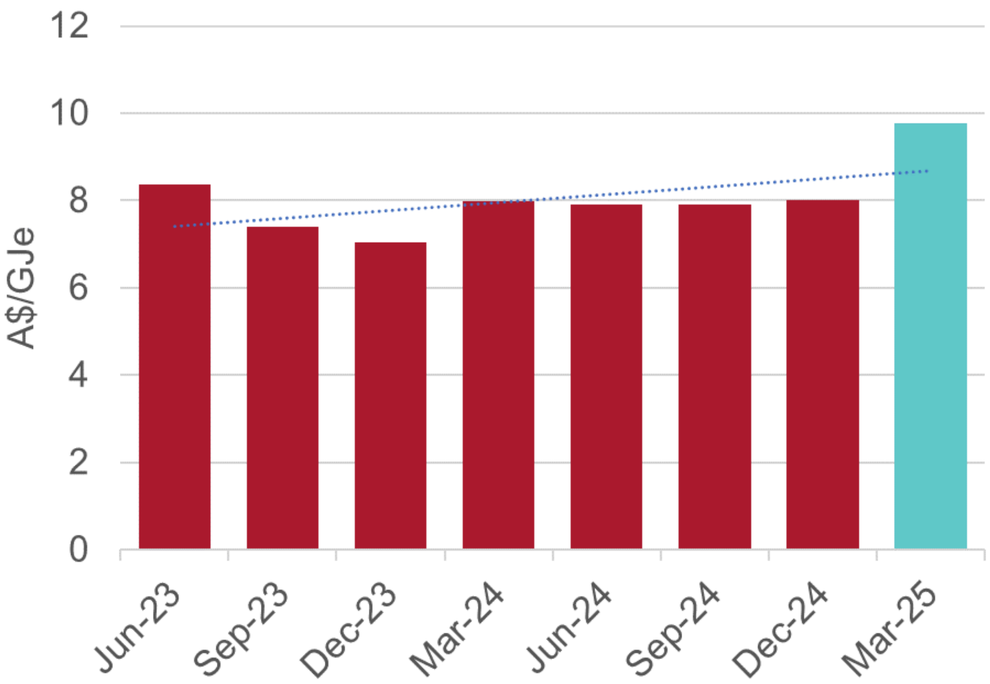
March-quarter (3QFY25) results showed significantly better pricing under the first full quarter of the new NT Government contracts. Volumes were steady, leading to a material increase in revenue and operating margins. With 6 years of production from January 2025 locked in with the NT Government, this quarter represents CTP's transformation to a low-risk, long-term cash-flow–generating business, with exploration upside.

Sales price: step change – new contracts boost prices 22%

Results: Average realised prices across the portfolio were A$9.78/GJe for the quarter, up 22% from the prior quarter (A$8.01/GJe). The March 2025 quarter represents the first full quarter under the new NT Government contracts, demonstrating the step change in CTP's business. Figure 2 shows the significant change from the pricing of the last 2 years.

Outlook: We expect the pricing to continue to rise as legacy contracts roll off. With the reopening of the NGP, CTP will be obligated to deliver into East Coast contracts (up to 1.5 PJ in CY2025) which may result in some variation in pricing. The East Coast contracts may result in a lower net price due to the transport costs to deliver the gas to the customers.

Figure 2: Pricing received – last 8 quarters



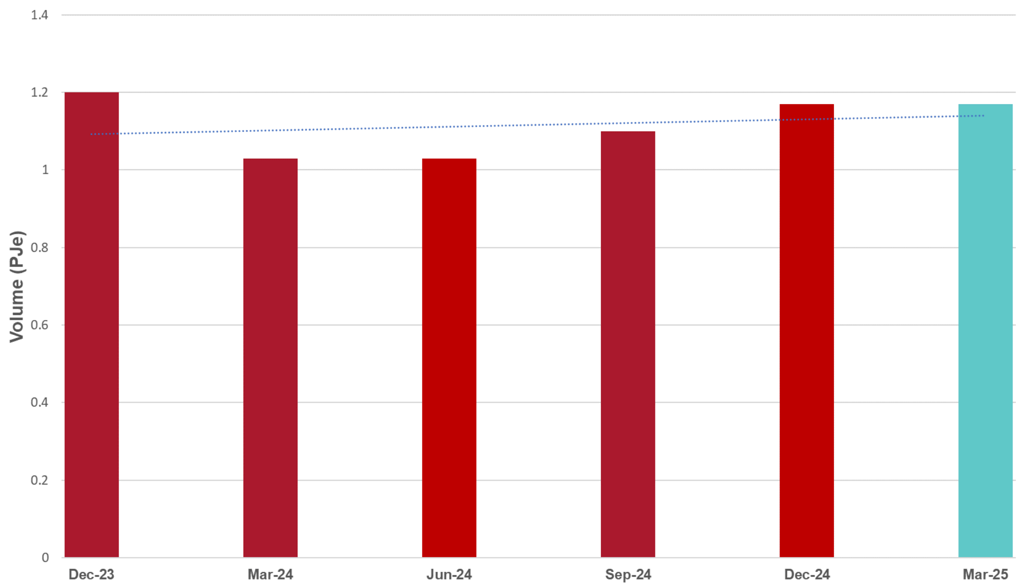
Source: CTP.

Sales volumes: steady – planned maintenance offset increased production from new Mereenie wells

Results: Sales volumes were steady at 1.17 PJe (CTP share) compared to the previous quarter. Market demand was strong during the quarter as seasonally high temperatures drove increased energy consumption with limited alternative gas supply available. Two new production wells at Mereenie were commissioned during the quarter, initially boosting Mereenie's production capacity by 9 TJ/day (100% JV). Production from both Mereenie and Palm Valley was impacted for several days due to scheduled plant maintenance, and a well optimisation program at Mereenie required the temporary shut-in of wells.

Outlook: Sales volumes should increase next quarter from the full impact of the two additional Mereenie wells. The company has not planned any maintenance during the quarter.

Figure 3: Quarterly sales – last 6 quarters



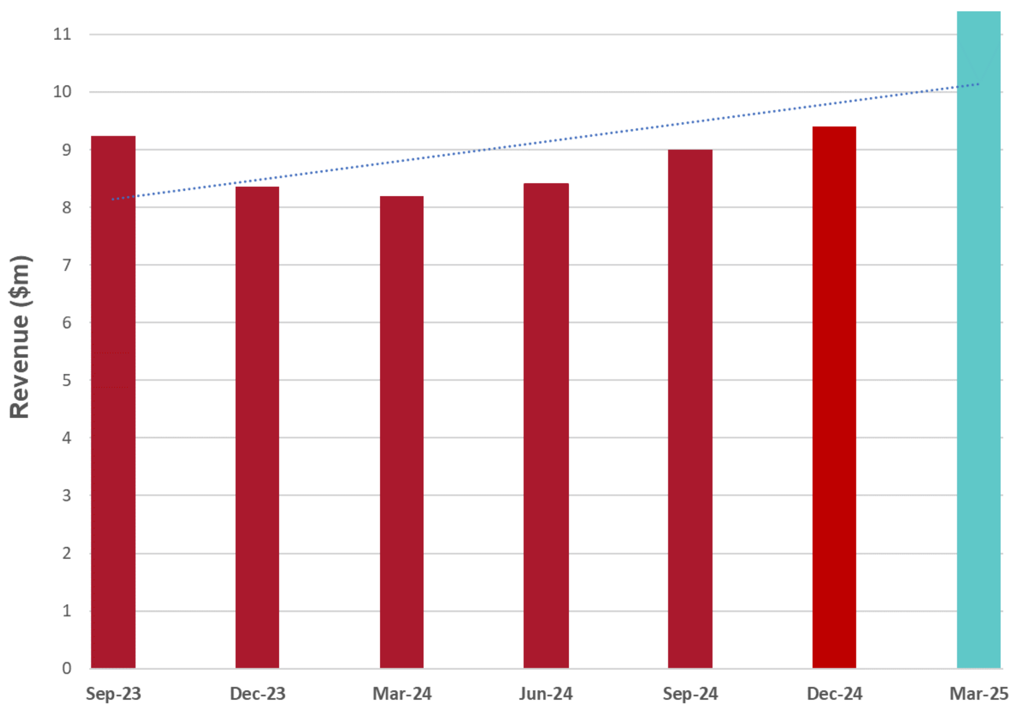
Source: CTP.

Revenues: steady volume + 22% higher price = 22% higher revenue

Results: The combination of steady volumes and 22% better pricing saw revenue of A$11.4m for the quarter, 22% higher than the prior quarter.

Outlook: Steady volumes from Mereenie and Palm Valley have been selling at close to full capacity into the NT. Along with continued strong pricing, revenues should remain at or above March's record high.

Figure 4: Revenue – last 7 quarters



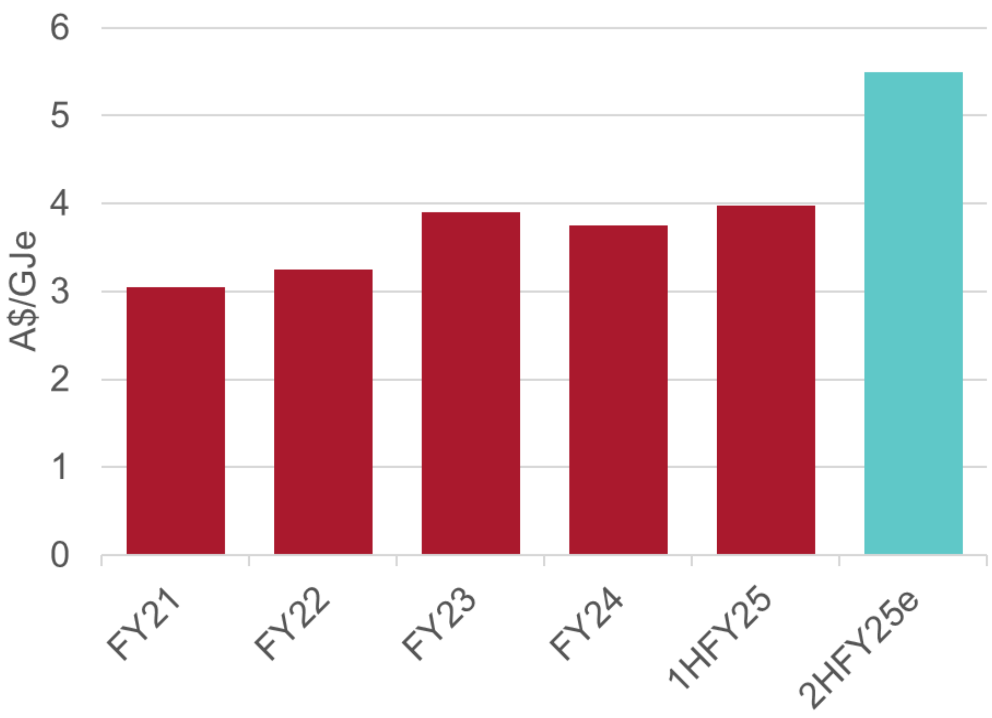
Source: CTP.

Operating margins: higher prices straight to the bottom line

Results: Operating margins for the 1HFY25 were A$3.98/GJe.

Outlook: CTP has indicated that it estimates that margins under the new contracts will be around A$1.50 higher than 1HFY25 at approximately A$5.50/GJe, an increase of 38%. However, the opening of the NGP has led to the resumption of supply to East Coast customers. This supply has higher headline prices but lower margins due to included transportation costs.

Figure 5: Operating margins, FY21–2HFY25E



Source: CTP.

Funding: capex for Mereenie well draws down cash

Results: Net debt was A$0.1m at 31 March 2025 (A$21.5m cash and A$21.6m debt) vs. net cash of A$1.6m at 31 December 2024.

Operational cash flow (after exploration and interest costs) was A$3.7m (vs $3.1m for the December quarter). It should be noted the March quarter cash flow reflected only 2 months of the new contracts.

The quarter saw significant capex expenditure relating to the Mereenie development wells of A$5.2m.

Cash receipts for the quarter were A$11.5m, and cash production costs were A$6.5m.

Outlook: In light of the new NT contracts, and with major capex behind CTP, we see a further improvement in the net cash position for the June quarter.

Arafura gas up for grabs from 2028

CTP's conditional gas sale agreement to supply Arafura's Nolans project from 2028 has lapsed, as the project did not reach FID by 31 March 2025.

CTP will now market this firm gas volume from 2028 to other NT and east coast customers.

We expect strong interest and anticipate pricing in line with or better than recent NT Government contracts.

Recap of the terms of the NT Government gas contracts

The 6-year gas supply deal (see Figure 6):

- ensures that CTP's onshore gas operations (Amadeus Basin) have a more certain commercial pathway irrespective of whether the NGP is open, i.e. it negates reliance on the NGP to access the East Coast market, while simultaneously preserving the option to do so whenever the NGP is operational
- is structured as a base-load supply, with high levels of take-or-pay. This means CTP's expected firm production is fully contracted (including any additional production from the two new Mereenie wells which are both on line), and will benefit from more consistent, firm sales at higher average CPI-linked gas prices
- had significant volumes earmarked for the proposed Arafura rare earths mine from 2028. CTP has let this contract lapse as the FID for the mine has been postponed. CTP has indicated that it will look to re-contract this gas into a short-supplied market.

Key advantages of GSAs with the NT Government

The GSAs de-risk CTP's future cash flows (lowering potential volatility and eliminating its exposure to NGP closures), which underwrites new infill development wells to access proven, undeveloped reserves. In short, the GSAs allow CTP to better plan and budget for development and appraisal activities as well as field optimisation over the coming 12–18 months. Furthermore, they should help CTP to gradually mature its capital management initiatives.

The deal is a major win for both parties. The NT Government secures volumes of competitively priced gas (i.e. cheaper than emergency short-term re-routed LNG tail supply) from relatively lower-risk onshore supplies, while CTP gets to monetise a significant portion (~12 PJ) of its production over the next 6 years with low transportation risk at robust CPI-linked gas prices with a low-risk counterparty. Although details around the NT Government GSA pricing have not been disclosed, the March 2025 quarter report provides an insight, with average pricing increasing to $9.78/GJe, a significant 22% step-up from CTP's previous portfolio price of ~A$8.01/GJe. The higher pricing is still very competitive compared to the high-priced emergency LNG tail gas the NT Government has been forced to buy, with short-term gas prices purportedly in the range of ~A$17–18/GJ. As CTP rolls off its legacy contracts, margins could increase by as much as $2/GJ from the ~$2.50/GJ previously attained.

The GSAs offer flexibility to CTP. Importantly, in CY2025 there is a volume of 'NGP-diverted gas' (~1.25–1.50 PJ). This is essentially gas supply from Mereenie that has been allocated to CTP's East Coast customers in CY2025, but can only be sold if the NGP is operational. If the NGP does not operate and the gas cannot be delivered to East Coast customers, it can be made available to the NT Government, i.e., the destination is flexible (Figure 6). This was the case in the first quarter of CY2025.

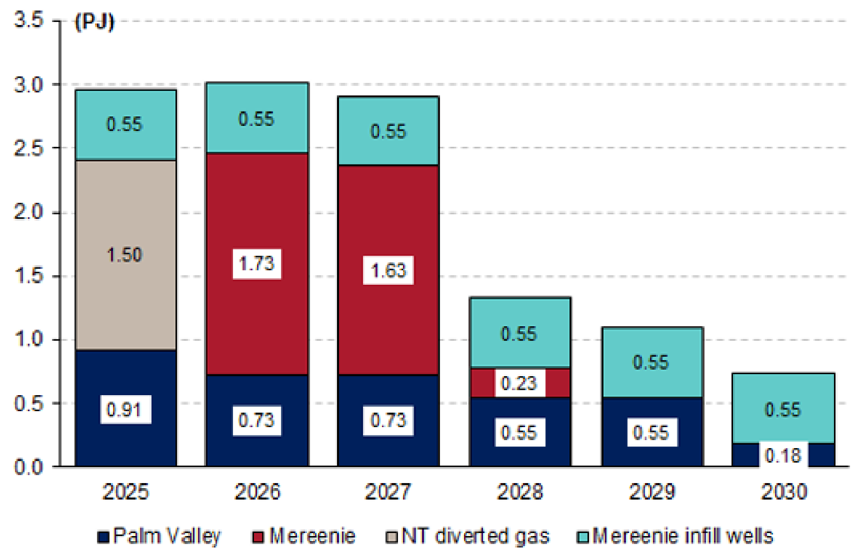
Northern Gas Pipeline (NGP) reopens – CTP supplying into East Coast

In early February 2024, gas flows on the NGP ceased, primarily from declining production at Blacktip. The Blacktip field's output had dropped from around 92 TJ/d in 2021 to as low as 15 TJ/d for most of 2024, making it impossible to meet the NGP's minimum throughput requirements. As a result, the pipeline was shut for eastward flows for much of 2024 and into 2025.

CTP has noted that, with the recommencement of the Blacktip gas into the NT, the volumes were sufficient for the NGP to re open in mid-April 2025.

With the NGP reopened, CTP is obliged to sell into the East Coast contracts that have been signed (see Figure 6, noted as NT diverted gas). The price received for these contracts will be dictated by the East Coast price at the time (around A$12/GJ presently), but will be significantly reduced on a net basis by transport costs. CTP's transport costs to Mt Isa, for example, are around A$3/GJ, which would see CTP receive around A$9/GJ (net) for these contracts.

Figure 6: Northern Territory Government contracted volumes



Source: CTP, MST, SHA Energy Consulting.

NT Gas Market Moves – Blacktip Producing

Blacktip – 2 months running and some decline evident

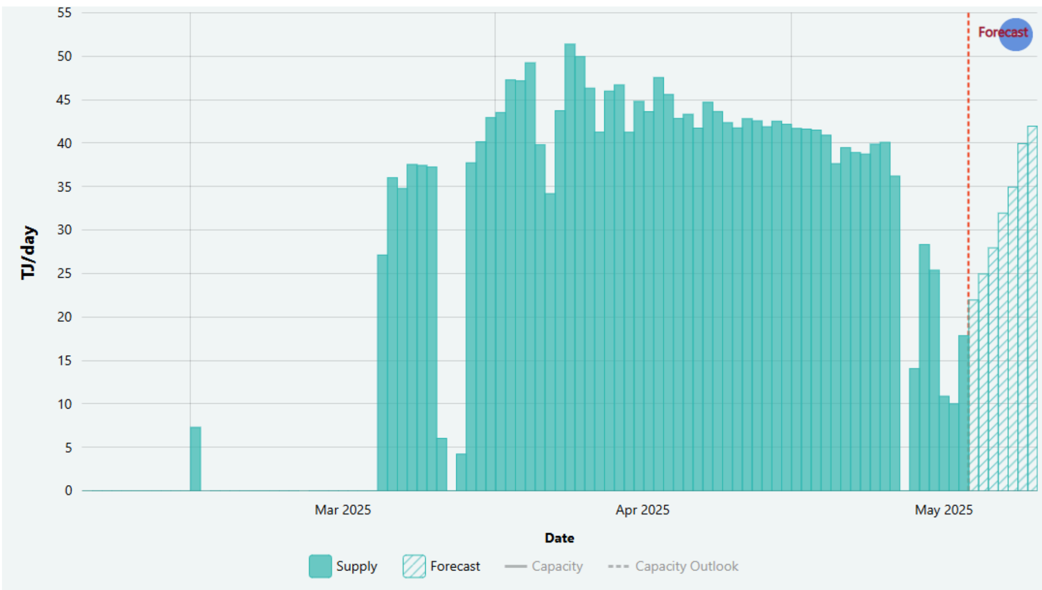
The Blacktip field has faced significant production declines, and during 2024 effectively stopped supplying the Northern Territory (NT) gas market. This prompted the owner, ENI, to initiate a new drilling campaign. This campaign drilled new development wells and intervened in existing ones to boost output.

Blacktip volumes have been delivered into the NT market from mid-March. The volumes peaked in April at around 50TJ/d but have shown a steady decline to around 40TJ/d (prior to a temporary shutdown). A period of maintenance appears to have occurred recently, with AEMO predicting Blacktip will exceed 40TJ/d in the coming week or so.

Production from the Blacktip well(s) will assist in relieving the tight supply situation in the NT and, in the short term, will allow the NT to reduce its expensive purchases of LNG tail gas.

The Blacktip production will not have any effect on CTP's contracts with the NT Government.

Figure 7: Recent Blacktip production since restarting in March 2025



Source: AEMO.

Darwin LNG

The Bayu Undan field had been supplying the NT market with tail gas, but has now been taken offline for the Barossa development.

INPEX LNG

With the cessation of supply from Darwin LNG, gas from INPEX has been utilised to supplement the NT gas market while Blacktip volumes remain depressed. Any LNG piped to the NT market from INPEX competes against global LNG markets and is therefore priced at higher international prices.

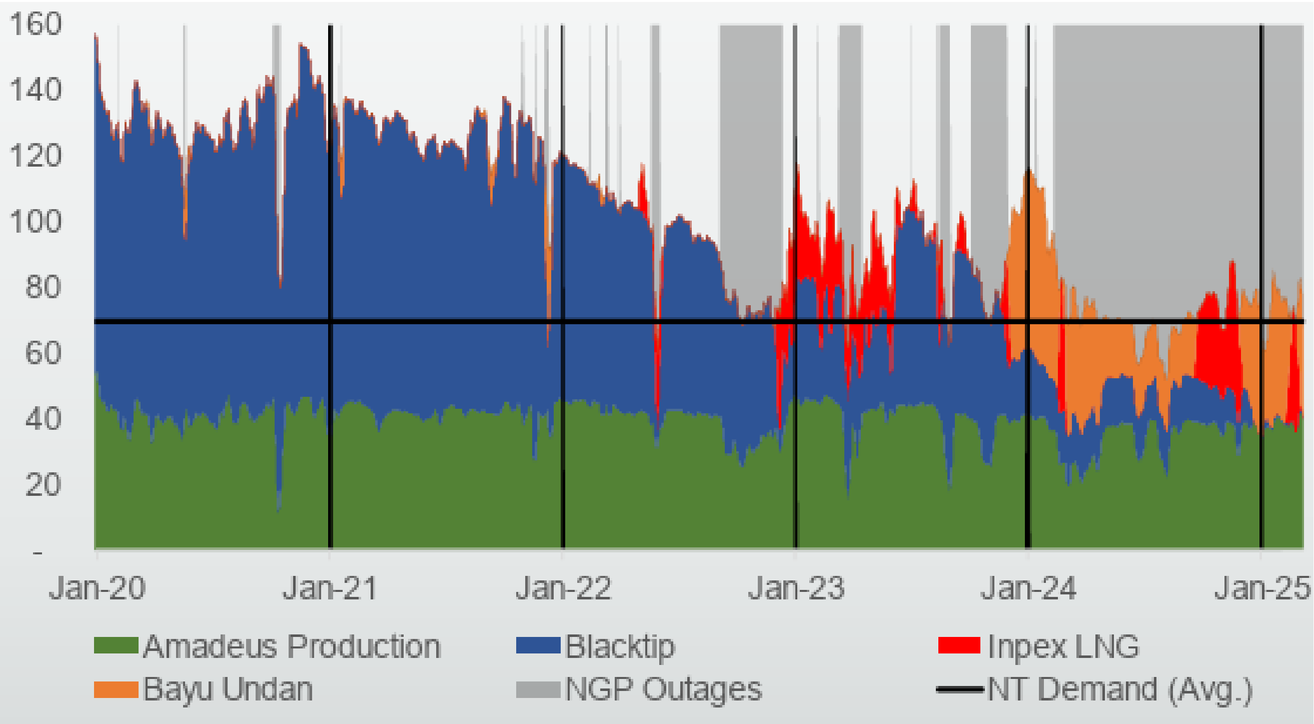
Beetaloo

The Beetaloo Basin is a potential large supplier into the market. However, these projects have not yet reached FID, are yet to demonstrate commercial flow rates and are much more technically demanding than CTP's assets, requiring fraccing, and will likely be at a much higher cost. The region also lacks the infrastructure and environmental approvals of the Amadeus Basin fields and would be anticipated to have significant, as yet unfunded, development costs.

Tamboran Resources is working towards initial flow rates from its drilling but is yet to confirm those to the market.

There exists the potential for both capital and schedule overruns as well.

Figure 8: NT gas supply (TJ/d)



Source: AEMO.

Recap: CTP Is Set Up Perfectly – Grow, Improve, Explore and Return!

CTP's sound balance sheet, significantly increased cash flow and financial flexibility has set the company up perfectly to grow, improve, explore and return (capital management/dividends).

Grow: Mereenie success and tight NT market sets CTP up for production growth – several options

CTP is looking across its portfolio at growth options.

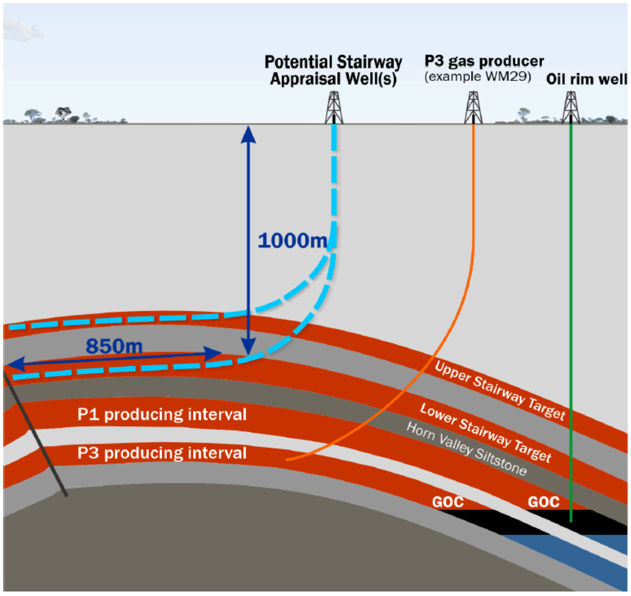
Mereenie Stairway – the next Mereenie focus for drilling

CTP has been considering drilling the shallower Mereenie Stairway Sandstones for some time. The recent drilling of WM29 and WM30 has shown very encouraging signs for the Mereenie Stairway. The 2 wells were drilled through the Stairway on the path to the target P3-producing interval and noted consistent high-pressure gas shows.

CTP is assessing the timing of a Stairway program.

The Mereenie Stairway program aims to increase Mereenie reserves to enable CTP to both grow production and extend the asset life.

Figure 9: Mereenie potential Stairway appraisal



Source: CTP.

Palm Valley potential

Palm Valley (PV) is a large field of 616km^2.

The PV gas plant is currently running at around half its capacity (7 TJ/day v 15 TJ/day). CTP sees further opportunity to drill more production wells at PV and increase production to utilise the full plant capacity (PV12 and PV13 were very successful wells) and deliver into the NT market.

Dingo – worth looking at as well

The Dingo gas field supplies gas through a dedicated 50-km gas pipeline to Brewer Estate in Alice Springs for use in the Owen Springs Power Station at around 3.9 TJ/d.

Additional development wells can be drilled at Dingo to maintain contracted gas volumes when warranted by natural field decline as well as to look at opportunities to expend Dingo's production to sell into the NT market.

CTP has begun analysis to look into drilling production wells, expanding the Dingo plant capacity and connecting it to the Alice Springs pipeline in order to reach the broader NT market.

Improve: Mereenie optimisation

CTP sees an opportunity to optimise the performance of Mereenie.

CTP estimates the current plant capacity at Mereenie to be around 40 TJ/day, and given current production is ~30 TJ/d there is opportunity to look at low-cost improvement opportunities. These include:

- 3D seismic to identify opportunities to maximise gas recovery
- further development wells
- above-mentioned Mereenie Stairway
- examining fraccing to enhance recovery and flow rates.

Explore: near and far

CTP has strong exploration opportunities within the portfolio.

Existing assets

Mereenie, Palm Valley and Dingo have large acreage, much of which remains underexplored. Given the current market conditions, CTP will look at near field exploration opportunities to expand the reserves and resource base, including the EP115 permit which is immediately to the north west of the Mereenie field, with little exploration conducted to date.

Sub-salt opportunities

The key to maximising the value to CTP of exploration and minimising cash outflows is engaging JV partners and obtaining free carry for the exploration, particularly for the high-cost sub-salt wells (targeting large reserves of gas, helium and hydrogen). The first well is largely drill-ready, but timing is subject to the introduction of a new partner to partially fund the well costs.

Return: capital management – sustainable and market driven

With increasing margins and decreasing debt service, CTP is considering capital allocation alternatives, including new wells, debt retirement and returns to shareholders.

CTP has expressed that, if the cash generation of the business and the NT gas market conditions remain favourable, then the company will consider returning capital to shareholders.

The investment into the business as mentioned above is of key importance in continuing to increase cash flows.

CTP has emphasised that any capital management (dividends/buybacks) must be sustainable and not 'one-off' in nature.

Valuation: Base-Case Valuation of A$0.20 (Unchanged)

New gas contracts underpin valuation

The Amadeus Basin assets provide underlying production, earnings and cash flow which we believe is fundamentally undervalued by the market.

The key underpinning of our valuation relates to the NT Government contracts for the next 6 years. We see further upside from increases in production at Mereenie and at a later date at Palm Valley. CTP's 6 years of locked-in production contracts are the lowest risk possible. The stock is trading at a significant discount and is due a material re-rating, in our view.

Gas price – further increases likely in our assumptions

While precise details on the new NT Government gas offtakes are unclear for commercial-in-confidence reasons, CTP has noted that its March-quarter average portfolio price increased to A$9.78/PJ or an increase of 22% from the December 2024 quarter.

Our view is that the pricing will work its way towards around A$10/GJ for the NT Government contracts. We have decided to take a more conservative approach and have **gas price assumptions of A$8.50/GJ for FY25 and A$8.75 for our long-term price.** We consider this gas price forecast to be conservative and see further potential upgrades as the effects of this pricing come through over the next quarter (i.e. an FY25 impact) and with a full effect in FY26.

We have revised some of our cash and non-cash cost assumptions and completed some minor production refinements, after which our valuation is unchanged.

Core production assets contribute A$0.17 to our base case

The core production assets make up A$0.17 of our A$0.20 valuation, **suggesting that the market is placing a significant discount on assets that have locked-in contracts with one of the lowest-risk customers in the gas sector.**

Figure 10: Base-case valuation summary – fully diluted (A$ per share)

NPV	A$m Valuation Unrisked	Risking	A$m	Valuation A$ps	Previous Valuation	Change
Mereenie - OL4 & OL5 (25%)	56	100%	56	0.08	0.08	(0.00)
Palm Valley - OL3 (50%)	23	100%	23	0.03	0.04	(0.01)
Dingo - L7 & PL30 (50%)	41	100%	41	0.06	0.05	0.01
Total Operations	**120**		**120**	**0.17**	**0.17**	**0.00**
Net Cash / (Debt)	8	100%	8	0.01	0.01	0.00
Admin / Corporate / Other	(26)	100%	(26)	(0.03)	(0.03)	(0.00)
Exploration	24	50%	12	0.02	0.02	(0.00)
Mereenie & Palm Valley 2C gas	38	65%	24	0.03	0.03	0.00
TOTAL VALUATION	**164**		**139**	**0.20**	**0.20**	**0.00**

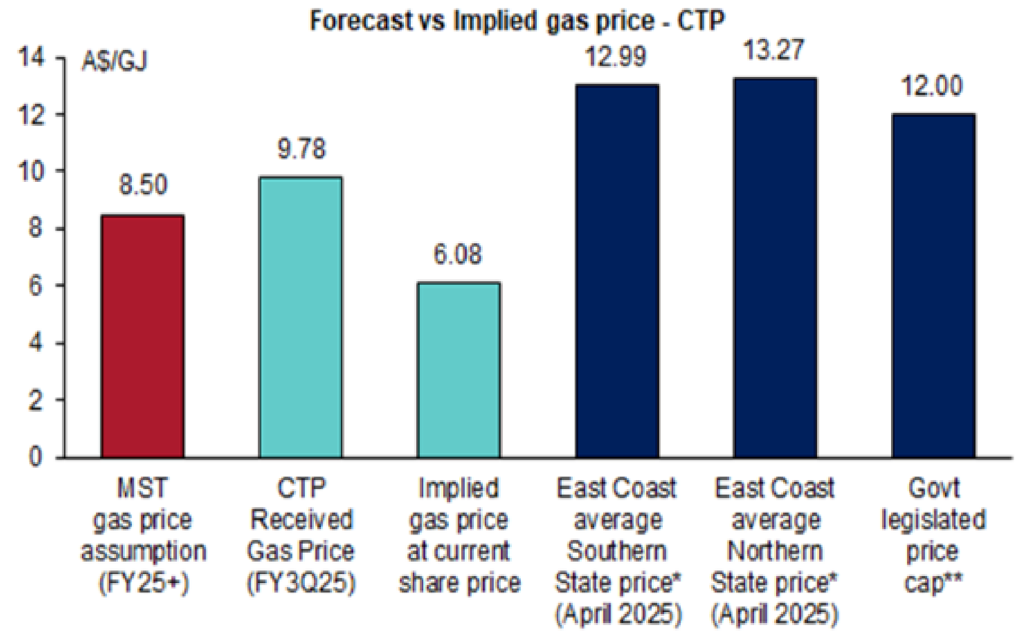
Source: MST estimates.

Valuation cross-checks suggest CTP is undervalued

Gas price implied by current share price: A$6.08/GJ (vs. A$9.78 in 3QFY25)

The current share price implies a gas price of A$6.08/GJ. CTP received an average price of A$9.78/GJe in the last quarter, and our forecast is A$8.50 for FY25. The current share price assumes that CTP's average gas price received will be some 38% less than the last quarter over the life of the assets.

Figure 11: Share price–implied gas price vs forecast and East Coast prices



*Source: SHA Energy Consulting, MST, CTP, *AEMO, **Gas Market Emergency Price Order.*

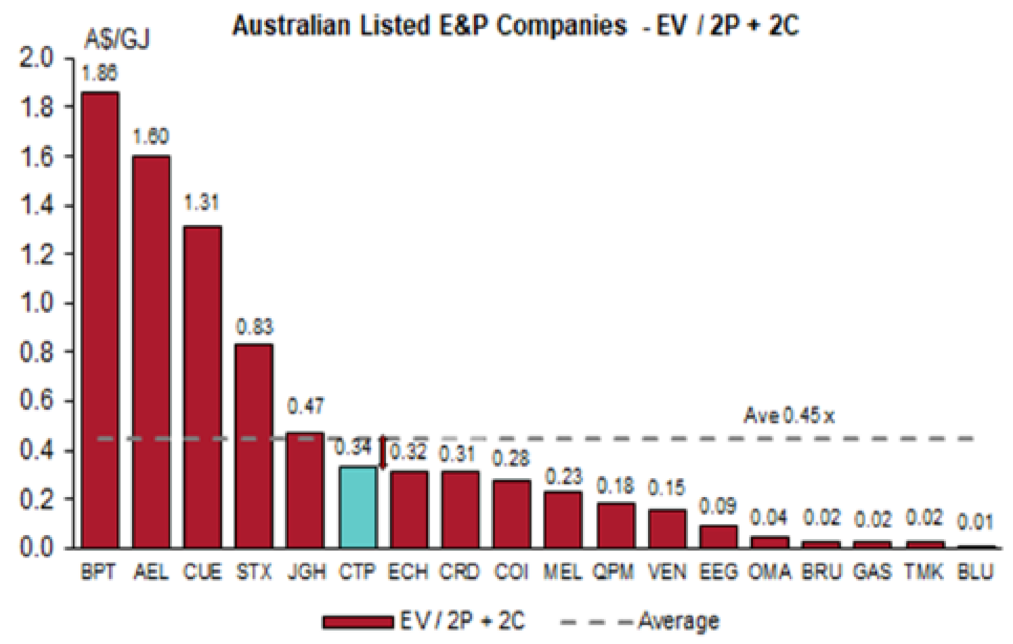
Enterprise Value to Resources suggests that CTP is undervalued: market average multiple implies A$0.077/share

An additional check on our valuation is to observe how the market values the reserves and resources of CTP and its ASX-listed peers (see Figure 12), using EV/2P+2C. This alternative method yields a lower valuation than our NPV-based method, but it still reflects upside to the current share price, particularly if the 2P reserves base can be expanded.

This valuation metric shows the relative value the market attributes to the company's reserve and resource base. CTP is valued 24% below its peer average, with CTP's EV/2P+2C of A$0.34/PJ comparing to the average of A$0.45/PJ. The peer average multiple would see CTP valued at A$0.077 vs. the current share price of A$0.057 and our valuation of A$0.20.

Figure 12 suggests that the equity market is potentially mis-pricing CTP's gas given the existing production and cash flow, and clear path to market in the NT via quality customer offtake, i.e. significant commercial de-risking.

Figure 12: Select Australian-listed energy stocks – EV/Resources A$/GJ



Source: SHA Energy Consulting, company filings, MST. Prices at 19/5/2025

Catalysts: upside potential driven by multiple sources

We see further upside potential to the share price and our valuation from multiple sources, which include:

- higher cash flow from new NT Government contracts than we currently assume in our valuation
- potential capital returns via dividends or share buybacks, as we do not currently assume these will occur
- increased production from Mereenie, Palm Valley and Dingo
- exploration program – exploration and appraisal remains a source of potential valuation upside within CTP via the potential to increase reserves and thus increase production and/or the life of the assets. We are particularly focused on the sub-salt exploration program, once the JV has a program established post the Peak Helium default. Our valuation reflects minor upside from exploration
- establishment of helium production at Mereenie – we have not considered the potential value of helium in our valuation due to its early stage. The project is on hold and we await further information of costs and validity of extraction before taking this into our valuation
- potential takeover due to CTP's value proposition

Risks

Key risks to our valuation include:

- Mereenie Stairway development not proceeding
- Palm Valley development wells not proceeding
- lack of capital management
- sub-salt exploration not proceeding or lack of success
- longer-term, potential reversal of the NGP to accept East Coast gas into the NT, significant increases in NT supply from Blacktip and Beetaloo
- government regulation affecting pricing
- the gas price, a key sensitivity for CTP’s cash flow and valuation
- operational issues at existing assets.

Appendix 1: Background to the NT Government Contracts

CTP and partners called for expressions of interest

CTP and its JV partners in the Mereenie gas field (CTP: 25%) issued calls for expressions of interest (EOIs) for the supply of up to 40 TJ/d or 90 PJs of gas (10 TJ/d or 22.5 PJs net to CTP) from mid-2024 to the end of 2030, approximately two-thirds of the gas requirements for the NT.

The deteriorating supply situation in the NT and closure of the Northern Gas Pipeline (NGP) were the key drivers of the decision to go to the market for long-term supply contracts. CTP also saw this as an opportunity to obtain sufficient certainty on cash flow and volume to support additional investment in drilling new wells at Mereenie, facilitate debt extension and restructure and accelerate timing for future distributions.

From a customer point of view, most major energy users want future energy security as well.

NT now short of supply after multiple NGP closures – silver lining for CTP

Outages of the NGP highlight a fundamental change in the gas market supply–demand balance in the NT. The Blacktip supply shortfall has meant that the minimum throughput threshold rate required for the Nitrogen Removal Unit (NRU) to operate (estimated at ~20 TJ/d) on the NGP was not met for over 12 months to mid-April 2025 and the NGP is now operating with the support of gas diverted from the INPEX LNG plant.

CTP's ability to supply the East Coast market, and therefore access spot pricing for uncontracted gas, was curtailed (Mereenie and Palm Valley production reduced) for much of 2024, costing CTP about $4m in lost revenues in FY24. However, the NGP outage has provided a silver lining: gas prices in the NT have increased and therefore provide an incentive to supply the NT with competitively priced onshore gas. CTP has taken advantage of the market dislocation to invest in new production wells and lock in most of its production for several years at attractive, improved pricing. Amadeus Basin gas not only has a transport cost advantage to Mt Isa compared to gas coming from Wallumbilla, but CTP’s uncontracted gas volumes presented a competitive future source of relatively lower-risk, onshore gas supply.

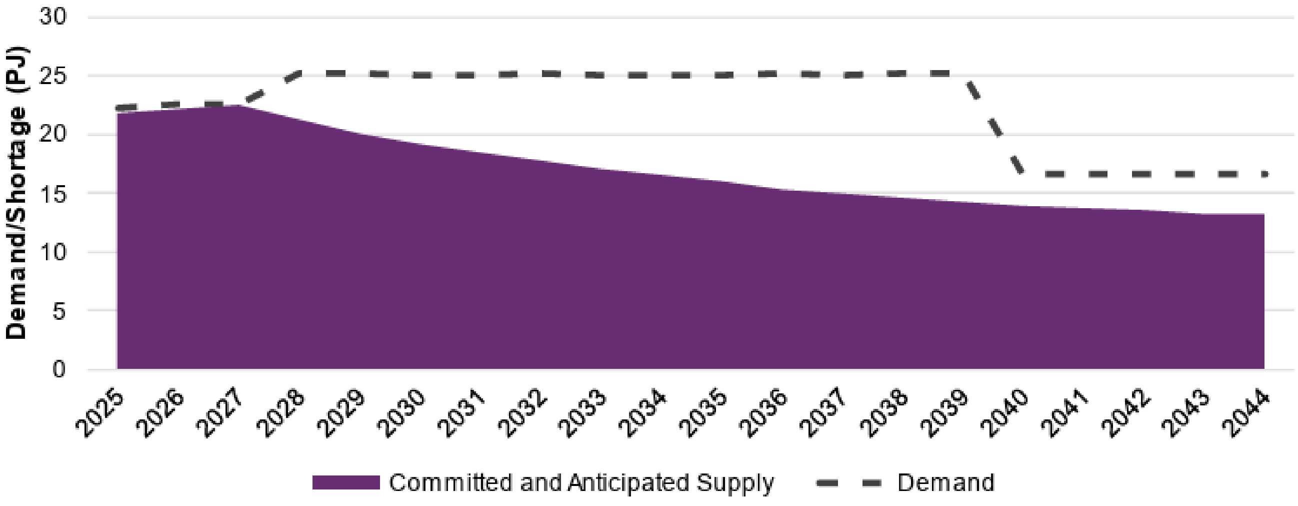
Appendix 2: Recap – 2025 Gas Statement of Opportunities: Continued Tightness in Northern Territory Gas Market

The Australian Energy Market Operator (AEMO) releases an annual Gas Statement of Opportunities (GSOO). The 2025 version continues to emphasise the tight gas market situation in the NT, stating:

"Reliance on alternative and interim gas arrangements may persist in the Northern Territory. The Northern Territory presently relies on alternative and interim gas arrangements, including with Darwin LNG exporters. There is currently reduced production from the Blacktip field, and it is not clear when production levels will be fully restored. Carpentaria Gas Field from Beetaloo Basin in Northern Territory has progressed from uncertain to anticipated status with expected production of 10 terajoules a day (TJ/d) from 2026 which will increase to 25 TJ/d or 9 PJ/y from 2027. **However, this is still not enough to supply the increasing industrial demand and ongoing reliance on gas-powered electricity generation (GPG) for electricity generation in the Northern Territory.**

"The Northern Gas Pipeline (NGP) which transports gas eastward to Mount Isa from the Northern Territory is currently not flowing, and the resumption of these flows is not forecast in the 2025 GSOO. In August 2024, Jemena completed the NGP Reversal Capability project, which enables gas to flow towards the Northern Territory from Queensland. Reversal of the NGP provides a backup solution to address forecast supply gaps in the Northern Territory if gas supply is not available from alternative arrangements."

Figure 13: Forecast annual demand and shortage in the Northern Territory, step change, 2025-44 (PJ)



Source: AEMO GSOO.

Personal disclosures

Michael Bentley received assistance from the subject company or companies in preparing this research report. The company provided them with communication with senior management and information on the company and industry. As part of due diligence, they have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in this report. They have taken care to maintain honest and fair objectivity in writing this report and making the recommendation. Where MST Financial Services or its affiliates has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid has, or will, directly or indirectly impact the content provided in this report.

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The companies and securities mentioned in this report, include:

Central Petroleum (CTP.AX) | Price A$0.057 | Valuation A$0.200;

Price, target price and rating as at 26 May 2025 (not covered)*

Additional disclosures

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