

# Central Petroleum Limited

ABN 72 083 254 308

## Operations Report and ASX Appendix 5B For the Quarter ended 31 December 2013

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### HIGHLIGHTS

- Grant of the Surprise West Production Licence imminent with production facilities and equipment “project ready” awaiting final permitting and abatement of weather.
  - Phase 1 of the Southern Georgina Work Program expanded by US\$35 million to US\$95 million.
  - Exploration potential of Central’s vast acreage portfolio being high-graded.
  - \$12.5 million cash at Quarter end and prudent fiscal management continuing.
  - Mr Robert Hubbard appointed as a non-executive independent Director.
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## **Review of Operations and other Joint Venture Activities for the Quarter ended 31 December 2013 (“the Quarter”)**

During this Quarter, the Company continued in its preparations for the development of the Surprise Oil Field and began gearing up for the drilling campaign in the Southern Georgina Basin scheduled to commence in April 2014 after the wet season. Despite having purchased long lead items and employing new staff including our new General Manager of Operations, Cameron Crawford and Drilling Manager James van Rooyen, the Company was able to maintain tight control of its cash position achieving a net cash burn (capital expenditures and overheads) of approximately \$2.9 million during the quarter.

A major milestone was achieved in reaching agreement through the Central Land Council with the Traditional Owners. Having received the Federal Minister for Indigenous Affairs’ consent to the agreement with the Traditional Owners on 28 January 2014 and as announced on 29 January 2014, Central Petroleum should receive the first onshore Production Licence in the Northern Territory since the Mabo decision (after the Northern Territory finalises processing of the Production Licence).

At the time of writing, all necessary equipment required to start the development of Surprise West are in Australia, primarily at, or in-transit to, our Alice Springs yard. Upon receiving all necessary permits, first production can commence within days. In January Kintore received 300mm of rain, more than its average annual rainfall, closing the road to the site causing the Company to reschedule some of its construction plans. Nonetheless the Company remains confident that its first shipment of crude will leave Surprise in February 2014.

### **AMADEUS BASIN**

During this quarter the Company is expecting that another two exploration wells will be drilled in the Amadeus Basin, the first of which will be Mt Kitty. Mt Kitty has been top-holed and the bottom hole is scheduled to be drilled in the first week of March under the Santos farm-in arrangements. Santos is the operator and the Company is being free-carried for this well. If successful, Mt Kitty has the potential to underwrite the Company’s future.

Preparations are well underway for the “spudding” of Surprise East in March 2014.

### **SOUTHERN GEORGINA BASIN**

Following the completion of the seismic program in the Southern Georgina Basin the Company was able to re-negotiate the framework for the Total farm-in. Stage 1 has been expanded both in the dollar amount (increase of US\$35 million) and the time (to August 2015). Importantly the Company still remains liable for the last 20% of the original stage 1 expenditure and then the last 20% of the increase. The timing of the expenditure has been scheduled to occur so that the Company would be able to meet its commitments out of the projected cash flow from the Surprise Development. The increased expenditure in Stage 1 will allow for multi-zone production tests of some wells subject to satisfactory results from the initial Stage 1 core hole exploration program.

## EXPLORATION REVIEW

With the appointment of both Mike Bucknill and Robbert Willink in mid-2013, Management undertook a comprehensive review of exploration data in order to create an exploration strategy for the Company, which took into account the work programmes agreed with joint ventures in the Amadeus and Southern Georgina Basins. This strategy takes into account permit programs, prospectivity, the economics of development (if successful), and the potential for further farm-outs. This review has been long overdue and necessary so that the Company can efficiently allocate its scarce capital and human resources over its large acreage holding.

## INTERESTS IN PETROLEUM PERMITS AND LICENCES AT 31 DECEMBER 2013

### Permits and Licences Granted

Tenement	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
EP 82	Amadeus Basin NT	Santos	75	75	Santos	25
EP 93	Pedirka Basin NT	Santos	100	100		
EP 97	Pedirka Basin NT	Central	100	100		
EP 105	Amadeus/Pedirka Basin NT	Santos	75	75	Santos	25
EP 106	Amadeus Basin NT	Santos	75	75	Santos	25
EP 107	Amadeus/Pedirka Basin NT	Santos	75	75	Santos	25
EP 112	Amadeus Basin NT	Santos	75	75	Santos	25
EP 115 (excl. North Mereenie Block)	Amadeus Basin NT	Central	100	100		
EP 115 (North Mereenie Block)	Amadeus Basin NT	Santos	60	60	Santos	40
EP 125	Amadeus Basin NT	Santos	30	30	Santos	70
RL3	Amadeus Basin NT	Santos	75	75	Santos	25
RL4	Amadeus Basin NT	Santos	75	75	Santos	25
ATP 909	Georgina Basin QLD	Central	90	90	Total	10
ATP 911	Georgina Basin QLD	Central	90	90	Total	10
ATP 912	Georgina Basin QLD	Central	90	90	Total	10

### Permits and Licences Under Application

Tenement	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
EPA 92	Lander Trough NT	Central	100	100		
EPA 111	Amadeus Basin NT	Central	100	100		
EPA 120	Amadeus Basin NT	Central	100	100		
EPA 124	Amadeus Basin NT	Central	100	100		
EPA 129	Lander Trough NT	Central	100	100		
EPA 130	Pedirka Basin NT	Central	100	100		
EPA 131	Pedirka Basin NT	Central	100	100		
EPA 132	Georgina Basin NT	Central	100	100		
EPA 133	Amadeus Basin NT	Central	100	100		
EPA 137	Amadeus Basin NT	Central	100	100		
EPA 147	Amadeus Basin NT	Santos	75	75	Santos	25
EPA 149	Amadeus Basin NT	Central	100	100		
EPA 152	Amadeus Basin NT	Central	100	100		
EPA 160	Lander Trough NT	Central	100	100		
EPA 296	Lander Trough NT	Central	100	100		
PELA 77	Pedirka Basin SA	Central	100	100		
16/08-9	Amadeus Basin WA	Central	100	100		
17/08-9	Amadeus Basin WA	Central	100	100		
18/08-9	Amadeus Basin WA	Central	100	100		
L12-2	Amadeus Basin WA	Central	100	100		

There were no acquisitions or disposals of petroleum permits or licences during the Quarter and there were no changes in the beneficial interests held in the permits and licences during the Quarter.

## **CORPORATE**

### **CASH POSITION**

The Company started the Quarter with \$15.4 million in cash and at 31 December 2013 held \$12.5 million, both amounts inclusive of its share of cash held in Joint Venture bank accounts.

The exploration and development and investing expenditures for the Quarter totalled \$1.3 million. These expenditures reflect the focus on permitting and planning for the appraisal and production activities soon to be carried out in EP115 (Surprise West) and on seismic activities over the Queensland permit areas in the Southern Georgina Basin.

Over the Quarter the monthly overhead cash burn averaged \$580,000 and which is broadly in line with the previous forecast for this Quarter.

The Company continues to maintain its fiscally prudent approach to cost management.

### **APPOINTMENT OF ADDITIONAL DIRECTOR**

On 6 December 2013 Mr Robert Hubbard was appointed as an independent non-executive director of the Company.

Mr Hubbard was previously a partner in the Brisbane practice of PricewaterhouseCoopers specialising in the areas of audit and valuation advice primarily for capital raisings and takeovers. He is presently a non-executive director of ASX listed Bendigo and Adelaide Bank Limited as well as ASX and TSX listed Orocobre Limited.

Mr Hubbard's financial and commercial experience and knowledge of transactions and best practice corporate governance broadens the skills available to the Board and is part of Central's transition from an purely exploration company to an explorer and producer.

**Richard Cottee**



**Managing Director**  
**31 January 2014**

**General Legal Disclaimer**

*As new information comes to hand from data processing and new drilling and seismic information, preliminary results may be modified. Resources estimates, assessments of exploration results and other opinions expressed by the Company in this announcement or report have not been reviewed by any relevant joint venture partners, therefore those resource estimates, assessments of exploration results and opinions represent the views of the Company only. Exploration programmes which may be referred to in this announcement or report may not have been approved by relevant Joint Venture partners in whole or in part and accordingly constitute a proposal only unless and until approved.*

*This document may contain forward-looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. These risks, uncertainties and assumptions include (but are not limited to) commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates. Actual values, results or events may be materially different to those expressed or implied in this document. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Any forward looking statement in this document is valid only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, or any other Listing Rules or Financial Regulators' rules, the Company and its subsidiaries and each of their agents, directors, officers, employees, advisors and consultants do not undertake any obligation to update or revise any information or any of the forward looking statements in this document if events, conditions or circumstances change or that unexpected occurrences happen to affect such a statement. Sentences and phrases are forward looking statements when they include any tense from present to future or similar inflection words, such as (but not limited to) "forecast", "believe," "estimate," "anticipate," "plan," "predict," "may," "hope," "can," "will," "should," "expect," "intend," "is designed to," "with the intent," "potential," the negative of these words or such other variations thereon or comparable terminology, may indicate forward looking statements.*

*The Company is not the sole source of the information used in third party papers, reports or valuations ("Third Party Information") as referred herein and the Company has not verified their content nor does the Company adopt or endorse the Third Party Information. Content of any Third Party Information may have been derived from outside sources and may be based on assumptions and other unknown factors and is being passed on for what it's worth. The Third Party Information is not intended to be comprehensive nor does it constitute legal or other professional advice. The Third Party Information should not be used or relied upon as a substitute for professional advice which should be sought before applying any information in the Third Party Information or any information or indication derived from the Third Party Information, to any particular circumstance. The Third Party Information is of a general nature and does not take into account your objectives, financial situation or needs. Before acting on any of the information in the Third Party Information you should consider its appropriateness, having regard to your own objectives, financial situation and needs. To the maximum extent permitted by law, the Company and its subsidiaries and each of their directors, officers, employees, agents and representatives give no undertaking, representation, guarantee or warranty concerning the truth, falsity, accuracy, completeness, currency, adequacy or fitness for purpose of the any information in the Third Party Information.*

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Central Petroleum Limited

ABN

72 083 254 308

Quarter ended ("current quarter")

31 December 2013

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(569)	(1,390)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	121	163
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid		
1.7 (a) Other income (b) GST refunds	-	6,670
	-	-
<b>Net Operating Cash Flows</b>	<b>(2,202)</b>	<b>1,916</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets & Surprise West development	-	-
	(551)	(573)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	-
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – redemption/(lodgement) of security bonds	(150)	(140)
<b>Net investing cash flows</b>	<b>(701)</b>	<b>(713)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,903)</b>	<b>1,203</b>

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**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(2,903)	1,203
<b>Cash flows related to financing activities</b>			
1.14	Proceeds (net) from issues of shares, options, etc.	3	9,953
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	<b>3</b>	<b>9,953</b>
	<b>Net increase (decrease) in cash held</b>	<b>(2,900)</b>	<b>11,156</b>
1.20	Cash at beginning of quarter/year to date	15,364	1,308
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>12,464</b>	<b>12,464</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	363
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Comprises directors fees, salaries of executive directors and consulting fees paid to directors or director related entities.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Nil

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation (net)	1,500
4.2 Development	2,500
4.3 Production	-
4.4 Administration	1,700
<b>Total</b>	5,700

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,464	5,364
5.2 Deposits at call	10,000	10,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	12,464	15,364

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### Changes in interests in petroleum and mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in petroleum and mining tenements relinquished, reduced or lapsed	No changes during Qtr.	See Ops Report for Detailed List of Tenements Held	
6.2	Interests in petroleum tenements acquired or increased	No changes during Qtr.		

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b>			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	309,219,473	309,219,473	

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Appendix 5B  
Mining exploration entity quarterly report

7.4	Changes during quarter				
	(a) Increases through issues	-	-		
	(b) Increases through conversion of options	3,104	3,104	80 cents	
	(c) Decreases (details)				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues  (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>			Exercise price	Expiry date
	Listed	60,571,728	60,571,728	\$0.80	31 March 2014
	Unlisted	66,853,084	o	Various	Various
7.8	Issued during quarter	1,800,000	o	\$0.475	15 November 2017
7.9	Exercised during quarter	3,104	3,104	\$0.80	31 March 2014
7.10	Cancelled during quarter	420,000	o	Various	Various

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**Appendix 5B**  
**Mining exploration entity quarterly report**

7.11	<b>Debentures</b> <i>(totals only)</i>		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- 2 This statement does ~~not~~\* *(delete one)* give a true and fair view of the matters disclosed.



Sign here: .....Date: 31 January 2014  
 (Joint Company Secretary)

Print name: .....Bruce Elsholz.....

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

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