

Central Petroleum Limited

ABN 72 083 254 308

Operations Report and ASX Appendix 5B For the Quarter ended 31 March 2014

HIGHLIGHTS

- Central acquired the Palm Valley and Dingo Fields from Magellan Petroleum Australia Pty Ltd for \$35 million.
- NT Government announced the grant of Production Licence PL6 to Central which includes the Surprise Oil Field.
- The Mt Kitty exploration well has recorded encouraging gas flows.
- Exploration potential of Central's vast acreage portfolio continues to be high-graded.
- \$11.4 million cash at Quarter end and prudent fiscal management continuing.
- Mr Tom Wilson appointed as a non-executive independent Director.
- Dr Peter Moore appointed as a non-executive independent Director.

REVIEW OF OPERATIONS AND OTHER JOINT VENTURE ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2014 (“THE QUARTER”)

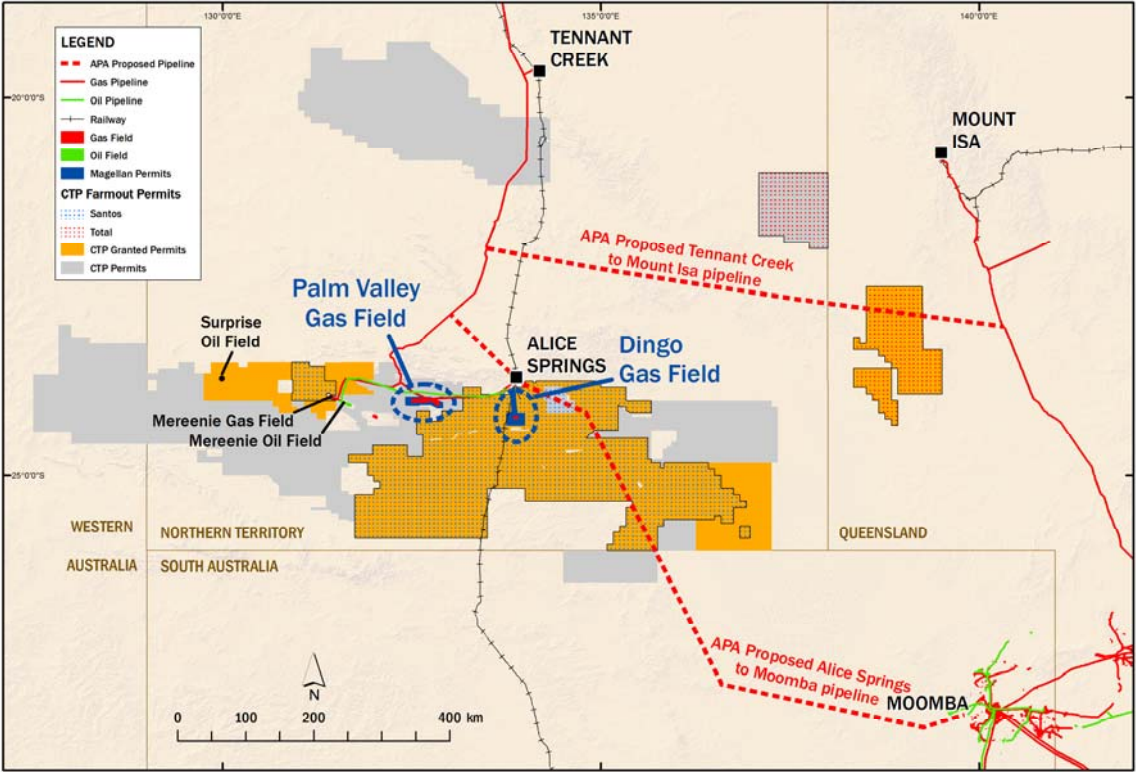
Acquisition of Palm Valley and Dingo Fields (CTP - 100% Interest)

During the Quarter, the Company announced that it signed agreements to purchase the material onshore assets of Magellan Petroleum Australia Pty Ltd (“the Magellan assets”) consisting primarily of the Palm Valley and Dingo fields for \$35 million. The deal closed on 31 March 2014. The consideration paid was \$20 million cash and approximately 39.5 million shares in Central.

The cash component was paid out of a loan facility with Macquarie Bank. The loan facility also includes a \$30 million tranche for the development of the Dingo field and the construction of a 50km export pipeline to Alice Springs in order to service a gas sale contract with Power and Water Corporation of the Northern Territory. Under the Macquarie Bank facility, Central granted 15 million unlisted options (to Macquarie) with an exercise price of \$0.50 and an exercise period of 30 months.

Central will be reporting revenue from the Palm Valley Gas Field effective from 1 April 2014. Planning for the development of the Dingo Field is progressing with production start-up scheduled for 2015. The Company has identified a range of optimisation and market strategies that could materially enhance the profitability of the Palm Valley and Dingo fields.

Over time Central looks forward to playing an important role in inter-connecting Central Australia to the eastern seaboard gas network, possibly through Moomba.



**EP115 - Northern Territory
(CTP - 100% Interest)**

**Award of Production Licence 6 (“PL6”) and
Surprise West production**

On 25 February 2014 in a ministerial ceremony in Darwin, Central was offered PL6 for the Surprise Oil Field Development. This is the first Production Licence offered in onshore Northern Territory since the passing of the Native Titles Act 1993 and is an important milestone not only for Central but also for the Territory and the Traditional Owners.

Initial production and storage facilities were installed to allow production to commence from the Surprise West well.

The first 7 days of oil production at Surprise West totalled 3,668 barrels for a daily average of 524 barrels. Whilst the downhole pump has been successfully installed it will not contribute to the production rate at these daily volumes.

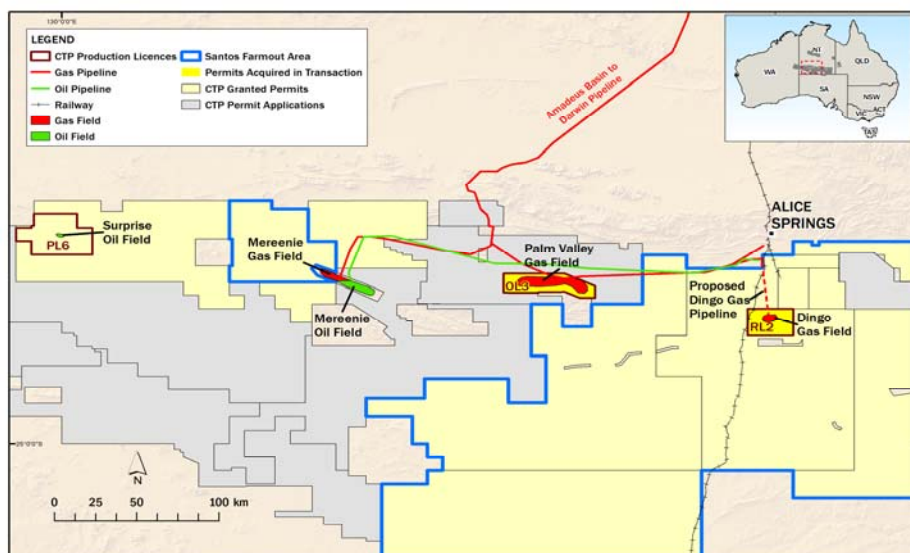
Unseasonably late wet weather in the region forced the closure of the access road to the Surprise Field for a considerable period of time. As a result, no trucks were able to reach the field to offtake production and consequently the field was temporarily shut-in once the onsite storage tanks were filled.

Production and trucking has since recommenced and Central will receive its first cash revenue in the quarter commencing 1 April 2014.

The earthworks necessary for the installation of additional storage tanks and ancillary equipment has now been completed. The Company expects that these facilities will be fully operational in the second half of the April Quarter.

Surprise East Well

As advised in a recent Market Update, circumstances required Central to give up its March drilling slot and we now expect that the rig will become available in the second half of the April Quarter.



EP 125 – Northern Territory
(CTP-30% Interest, Santos [Operator]-70%interest)

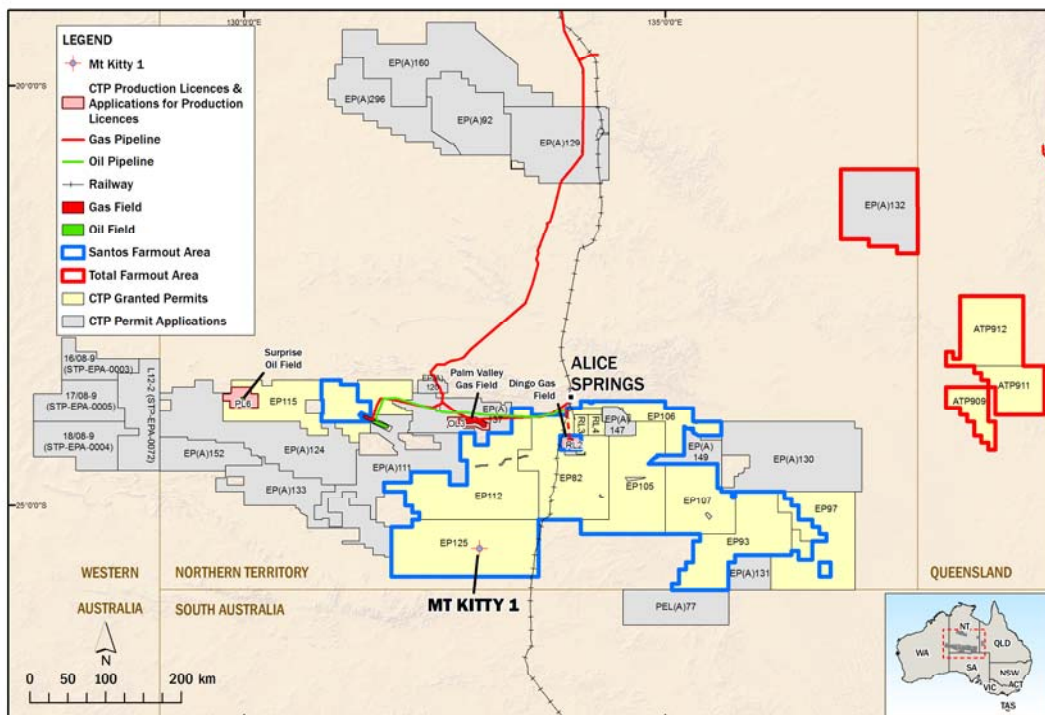
Mt Kitty Exploration Well
(Central is free carried for this well under the Santos farm-in arrangements)

On 15 April 2014 the Company announced that it had been advised that the Mt Kitty exploration well flowed gas in testing.

The well air drilled into the objective Heavitree Formation at a depth of 2,140 metres below rotary table. A total thickness of 109 metres of Heavitree Formation is interpreted subject to the acquisition of the full suite of wireline logs. Elevated gas readings were observed in four separate flow tests. The flow test at 2,144 metres recovered gas at an initial rate of around 500,000 cubic feet per day (cfd) through a 1 ¼” choke declining to 70,000 cfd after 10 minutes. The test at 2,156 mRT produced at a rate of 530,000cfd decreasing to 420,000cfd after 18 minutes accompanied by a gas flare and no water. Further flow tests at 2,185 metres and 2,252 metres recorded comparable flow rates. Gas samples have been collected for analysis. Preliminary site analyses indicate the gas is high in helium, up to 5.8%(uncorrected for inert content).The nearby Magee gas discovery recorded around 6% helium, 45% inert gases (primarily nitrogen) and 49% hydrocarbon.

Wireline logging operations had commenced to evaluate the quality of the Heavitree Formation reservoir section before an incident with the rig caused operations to be stopped. No persons were injured and there has been no environmental impact as a result of the incident.

The well remains secure. Santos is continuing with its investigations. Santos is working with the rig owner and government authorities and is developing a forward action plan for the recommencement of operations.



Seismic Data and Interpretation

Amadeus Basin

Seismic lines totalling 327 kms were acquired in 2013 over the NW Mereenie area, and final processed data has been received. The data quality is good, and interpretation is underway. Santos is operator of this block and has an option to drill one well to increase their interest from 40% to 70%.

Seismic lines totalling 1,587 kms were acquired in 2013 over 7 permits in the Southern Amadeus area, and preliminary processed data has been received. This is the first regional data to be acquired across the southern part of the basin, data quality is good in most areas, except where shallow salt is present (salt diapirism). Interpretation is underway, following which Santos has the option to acquire 1,000+ km of infill seismic data during the latter half of 2014.

Southern Georgina Basin

Processing of the seismic acquired in the Southern Georgina Basin in 2013 was finalised this Quarter. Data quality is excellent, and interpretation has identified multiple locations across ATP's 909, 911 and 912. These have been scouted in preparation for drilling, scheduled to commence from May/June 2014.

Exploration Outlook

Central continues to expand its database and technical capabilities. In this Quarter the acquisition of Palm Valley and Dingo Fields and their seismic and well data, the Mt Kitty preliminary results, and the addition of 1,914 km of 2D seismic has significantly expanded the database over these prospective licensed areas. Interpretation is underway to integrate this information and plan the next phase of exploration.

In licensed and application areas an increased focus on gravity and magnetics data is providing encouragement that this data can add value in defining structuring, and efficiently deploying seismic acquisition programs.



Palm Valley Gas Plant Facilities

INTERESTS IN PETROLEUM PERMITS AND LICENCES AT 31 MARCH 2014

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
OL3	Amadeus Basin NT	Central	100	100		
RL2	Amadeus Basin NT	Central	100	100		
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		

During the Quarter the Company acquired OL3 (the Palm Valley Gas Field) and RL2 (Dingo Gas Field). There were no disposals of petroleum permits or licences during the Quarter. There were no changes in the beneficial interests held in the permits and licences during the Quarter except for the permits and licences acquired in the Magellan asset purchase transaction, namely, OL3 and RL2.

CORPORATE

Cash Position

The Company started the Quarter with \$12.5 million in cash and at 31 March 2014 held \$11.4 million, both amounts inclusive of its share of cash held in Joint Venture bank accounts.

The \$11.4 million includes a net \$1.6 million received from Macquarie Bank on 31 March 2014 which was subsequently used to pay costs associated with the acquisition of the Magellan assets.

During the Quarter the Company activated its financing facility with Macquarie Bank Limited and drew down a total of \$17 million (a cash inflow to Central).

Cash Investing outflows for the Quarter totalled \$16.2 million. This included \$15 million for the acquisition of the Magellan assets and approximately \$1.0 million on Surprise West development costs. The balance of \$0.2 million was for various security deposits or bonds.

Cash Operating outflows for the Quarter totalled a net \$1.8 million. This included \$0.4 million of Magellan asset acquisition costs and a net \$1.6 million of corporate overheads. These outflows were partially offset by \$0.2 million of interest and other income

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

Issued Securities of the Company

At 31 March 2014 the Company had 348,693,957 ordinary shares on issue and 69,679,750 unlisted options exercisable at various prices and with various expiry dates.

The major changes during the Quarter were:

- (a) The issue of 39,473,684 ordinary shares to Magellan Petroleum Australia Pty Ltd as part of the consideration to purchase the Magellan assets;
- (b) The issue of 6,000,000 unlisted options to Macquarie Bank Limited as part consideration for the Financing Facility provided in connection with the acquisition of the Magellan assets;
- (c) The expiry of 60,570,928 listed options (ASX symbol:CTPO) on 31 March 2014; and
- (d) The expiry of 3,173,334 unlisted director and employee options.

A further 9,000,000 unlisted options were issued to Macquarie Bank on 14 April 2014, making a total of 15 million options issued pursuant to the terms of the financing facility.

Board Changes

Appointment of Additional Directors

Mr Tom Wilson was appointed as an independent non-executive director of the Company on 31 March 2014.

Mr Wilson is Magellan's nominee to Central's board. Mr Wilson joined the Magellan Board of Directors in 2009 and became that Company's CEO in 2011

Mr Wilson is a veteran in the energy sector, with a strong background in geology and international business development. Mr. Wilson's career also includes roles with Shell Oil Company, Apache Corporation, Anderman International and Yamal Energy Partners.

Mr Wilson holds a BS in Zoology and Geology from Northern Arizona University and a MS in Geology from the University of Southern California.

Dr Peter Moore was appointed as an independent non-executive director of the Company on 14 April 2014.

Dr Moore was until recently the Executive Vice President of Exploration for Woodside Petroleum and is a highly respected executive with over thirty years of experience in the oil and gas industry and brings a diversity of skill sets in exploration and production. In addition to various roles with Woodside between 1998 and 2013, Peter's experience was gained with the Geological Survey of West Australia, Delhi Petroleum Pty Ltd, Esso Australia Limited and Exxon Exploration Company in Houston.

Dr Moore has a B.Sc(Hon 1) from the University of Wollongong, a PhD from the University of Adelaide and an Executive MBA from the Mt Eliza campus of the Melbourne Business School. He is also Chair of the Curtin Graduate School of Business Advisory Board and a member of the Elsevier Oil and Gas Advisory Board.

Future change

Non-executive director Mr Bill Dunmore has informed the Central Board that he will not be seeking re-election at this year's AGM. Mr Dunmore has served as a director since the Company was floated approximately 10 years ago and has provided valuable guidance, experience and knowledge throughout his tenure. The Company has requested that Mr Dunmore continue to consult in a reservoir engineering role until Central has acquired the requisite internal resources.

Legal Matters

The Company filed a statement of claim against former employee Dalton Hallgren in the Supreme Court of Queensland for an amount of approximately \$543,000 plus damages.

Richard Cottee



Managing Director
30 April 2014

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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.

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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 March 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development [see 1.8(d)] (c) production (d) administration (e) Magellan acquist. costs	(8) (39) (1,554) (150)	(1,398) (39) (5,079) (150)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	113	276
1.5 Interest and other costs of finance paid	(255)	(257)
1.6 Income taxes paid		
1.7 (a) Other income (b) GST refunds	57 -	6,727 -
Net Operating Cash Flows	(1,836)	80
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) Magellan legal entities (c) Magellan fixed assets (d) Surprise West development & other fixed assets	- (14,850) (150) (943)	- (14,850) (150) (1,516)
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	(270)	(410)
Net investing cash flows	(16,213)	(16,926)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	(18,049)	(16,846)
1.13	Total operating and investing cash flows (brought forward)	(18,049)	(16,846)
Cash flows related to financing activities			
1.14	Proceeds (net) from issues of shares, options, etc.	-	9,953
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	17,000	17,000
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	17,000	26,953
	Net increase (decrease) in cash held	(1,049)	10,107
1.20	Cash at beginning of quarter/year to date	12,464	1,308
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	11,415	11,415

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	347
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

Nil

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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 (*) (* before estimated cash inflows from Operations)

	\$A'000
4.1 Exploration and evaluation (net)	1,300
4.2 Development	2,500
4.3 Production expenses (*) before forecast revenue generated from oil and gas activities	2,100
4.4 Administration, including one-off costs associated the acquisition of the Magellan assets	3,100
Total	9,000

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	5,624	2,464
5.2 Deposits at call	5,791	10,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	11,415	12,464

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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	OL3 (PalmValley)		-	100%
		RL2 (Dingo)		-	100%

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	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	348,693,957	348,693,957		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.4	Changes during quarter				
	(a) Increases through issues	39,473,684	39,473,684	\$0.38	
	(b) Increases through conversion of options	800	800	\$0.80	
	(c) Decreases (details)				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				
7.7	Options <i>(description)</i>			<u>Exercise price</u>	<u>Expiry date</u>
	Listed	0	0	-	-
	Unlisted	69,679,750	0	Various	Various
7.8	Issued during quarter				
	Unlisted	6,000,000	0	\$0.50	30 September 2016
7.9	Exercised during quarter				
	Listed	800	800	\$0.80	31 March 2014
7.10	Cancelled during quarter (all expiries)				
	Listed	60,570,928	60,570,928	\$0.80	31 March 2014
	Unlisted	1,500,000	0	Various	Various
		1,673,334	0	\$1.00	31 March 2014

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Appendix 5B
Mining exploration entity quarterly report

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <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: 30 April 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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