

## OPERATING ACTIVITIES REPORT AND ASX APPENDIX 5B For the Quarter Ended 31 March 2018



*Figure 1: Western flank of the Mereenie field in which the 2018 Mereenie drilling campaign will take place.*

### HIGHLIGHTS

- On 2 February 2018 Central announced it had signed the drilling contract with Ensign Australia Pty Ltd for the 2018 drilling campaign.
- A webinar presentation was held by the Managing Director on 8 February 2018 to discuss the Quarterly Report for the Quarter Ended 31 December 2017.
- The Financial Report for the Half-Year Ended 31 December 2017 was lodged on 26 February 2018.
- On 1 March 2018 the Honourable Dr Anthony Lynham MP announced that Central's wholly-owned subsidiary, Central Petroleum Eastern Pty Ltd, was the preferred bidder for Queensland acreage PLR201718-1-1 (ATPA 2031).
- Incitec Pivot Limited ("IPL") announced on 1 March 2018 that it has a Memorandum of Understanding with Central that provides for an exclusivity period to negotiate commercial arrangements for the development of PLR201718-1-1 whereby some of this gas would be used to supply its Gibson Island fertiliser plant and that IPL may provide up to \$20 million of funding to support appraisal and drilling activities.
- On 2 March 2018 the ACCC published a draft determination proposing to grant authorization for Mereenie joint marketing arrangements between Central and Macquarie Mereenie, a subsidiary of Macquarie Group Limited, for three years. A final determination was given by the ACCC on 29 March 2018.
- The Mereenie Joint Venture approved development of the Mereenie Gas Project; drilling of West Mereenie 26 and a \$12 million upgrade of the processing plant.
- Testing of the Stairway Sandstone at Mereenie from the previously drilled West Mereenie 15 continues free flowing gas at sustainable rates with a low nitrogen content of 2.6%. Additional recompletion opportunities have been identified.
- Cash balance at the end of the quarter was \$28.8 million.

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## MANAGING DIRECTOR'S REPORT TO SHAREHOLDERS FOR THE QUARTER

For the second quarter in a row, Central Petroleum Limited ("Central" or "Company") finished the quarter with more cash than it began. The receipt of \$5.4 million Take or Pay payments was offset by the expenditure on growth projects (plant upgrades and drilling) of \$4.4 million and other one-off items. Taking these into account, the underlying cash flow was a notional \$1.2 million for the quarter.

On 1 March, Anthony Lynham, the Queensland Minister for Resources and Energy, announced that Central had won the tender for ATPA 2031, a CSG acreage between Miles and Wandoan; a condition of which was that the gas had to be dedicated towards domestic supply. Incitec Pivot Limited ("IPL") had been a partner in the bid for the purposes of securing equity gas to enable the Gibson Island Plant. The conditions of the Authority to Prospect is to drill new wells over four years at an approximate cost of \$20 million. It is anticipated that Central will supply bridging gas for a short period to keep Gibson Island Plant open whilst reserves are being proven up. The Queensland Government, as part of the tender process, estimated 377 PJ Original Gas in place of which 150-180 PJ potentially recoverable. If the exploration programme proved up the estimates our 50% equity interest would represent around 70% increase in our reserves but this time close to markets.

The ACCC gave interim approval for joint marketing of Mereenie gas with Macquarie, resulting in joint venture approval for both the drilling programme and an upgrade of Mereenie on 12 March. On 29 March, ACCC made a final determination in favour of joint marketing, which took effect from 20 April 2018.

Following the interim approval, the joint venture met and decided on 12 March 2018 to substitute one of the proposed Mereenie wells with a plant upgrade at Mereenie, timed to coincide with the Northern Gas Pipeline ("NGP") becoming operational on 1 December this year. The upgrade includes re-stage two existing compressors, installing a new Field Booster compressor and the two new separators. The result would be to increase the production capacity of the present plant (circa 25 TJ/d (9 PJ p.a.) of which 15 TJ/d is being sold) to 63 TJ/d or 58 TJ/d of Sales Gas (21 PJ p.a.). Central's interest in Mereenie is 50%.

The Board has also decided to reopen Palm Valley to enable it to sell into the east coast gas market when the NGP becomes operational. The historical capacity of the Plant is 20 TJ/d (7.3 PJ p.a.) but, as the wellhead pressure over the years has declined, its actual capacity is slightly more than 5 TJ/d. An extensive analysis of existing reserves indicated that the existing reserves could produce at 15 TJ/d for two years. We have commenced the FEED to determine the most efficient upgrade to ensure the plant could produce at its original 20 TJ capacity by 1 December 2018. The Company has decided to reopen Palm Valley and the necessary recruitment is being undertaken.

The Company aims to finalise the Gas Sales Agreement ("GSA") (presently under negotiation) sometime in May with all major commercial issues having been agreed. Upon the execution of this GSA, the Company's revenue from gas sales next calendar year will be triple that of this calendar year. All of our gas sales will be to the domestic market.

The Company applied for GAP funding to enable it to expedite supply of gas to the east coast market but was unsuccessful.

In April, the Company was proud to be a sponsor to the Central Australian Aboriginal Women's Choir ("CAAWC"). The CAAWC is the amalgam of six choirs from six different towns, four of which are the closest communities to our operation. Its songs are in both Western Arrarnta and Pitjantjatjara languages. It has been selected to perform at the Kennedy Center in Washington DC as well as the Hamer Centre in Melbourne and the Sydney Opera House.

The Pepper Inquiry recommendations have been adopted by the Northern Territory Government lifting the fracking ban on shale gas exploration. The industry is hopeful that exploration will recommence in the shale gas sector. This should have no direct impact on Central.

The Ensign Rig is at site at Mereenie to drill West Mereenie-26. On inspection of the rig by Central, a minor defect has been uncovered. The spudding of West Mereenie-26 will therefore be delayed until Central is satisfied that this defect has been either rectified or poses no risk to drilling.

**Richard Cottee**  
**Managing Director**

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## REVIEW OF OPERATIONS AND OTHER JOINT VENTURE ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2018 (“THE QUARTER”)

### EXPLORATION/DEVELOPMENT ACTIVITIES:

#### ATP 909, ATP 911 and ATP 912, Southern Georgina Basin – Queensland (CTP - 100% interest)

The Department of Natural Resources and Mines (“DNRM”) has reviewed the Project Status submission from Central Petroleum. Central will consult with DNRM in Q1, 2018 with regards to the best approach to secure Project Status for the Southern Georgina permits. Central has also finalised lease arrangements for the Boulia warehouse and the consolidation of leases on which this facility sits.

#### Santos Stage 2 Farm out – Southern Amadeus Basin, Northern

Due to the complexity of seismic processing, interpretation and depth conversion of the initial 932 km of data, Santos has requested a further 4-month extension of the Stage 2 end date to 3 July, 2018. Santos has also requested an additional 2-month extension on the Stage 3 end date to 3 June, 2019. Central is currently considering these requests.

Southern Amadeus Area	Total Santos Participating Interest after completion of Stage 1	Total Santos Participating Interest after completion of Stage 2
EP82 (excluding EP82 Sub-Blocks)	25%	40% (i.e. additional 15% earned)
EP105	25%	40% (i.e. additional 15% earned)
EP106 *	25%	40% (i.e. additional 15% earned)
EP112	25%	40% (i.e. additional 15% earned)

\* Santos (as Operator) has continued the process of an application with the NT Department of Primary Industry and Resources for consent to surrender Exploration Permit 106.

The survey comprises two rounds. The first round of 2D seismic is to mature the natural gas and helium prospective Dukas lead and to gather data for the Rossini lead has been completed. The second part of the seismic acquisition program will consist of additional 2D seismic lines over the Dukas Lead to bring the total program to 1,300 line km. Second round line locations are being confirmed for resumption of data acquisition in July. Adverse weather conditions in the area have caused the focus to be concentrated on the Dukas Lead.

Central is actively reviewing data in these permits, seeking to upgrade a variety of exploration play types and targets, which could be prospective for hydrocarbons and/or helium.

The joint venture’s exploration endeavours on these four permits focus on maturing large sub-salt leads. The primary reservoir objective is the Heavitree Quartzite. Secondary reservoir objectives in the Neoproterozoic units include the Areyonga Formation and Pioneer Sandstone, which are gas bearings in the Dingo and Ooraminna fields, respectively.

#### Amadeus Basin (includes EP115 North Mereenie Block), Northern Territory

No tenures comment.

## Other Exploration and Application Areas

### Ooraminna Field

*(CTP - 100% interest)*

Two wells have been drilled at Ooraminna with both wells having proved gas flow from the Pioneer Formation. Although the flow rates were sub-economic, it is encouraging to note that the wells were drilled in an area with apparent low natural fracture density within the Pioneer Formation. Structural mapping has been updated following the reprocessing of the seismic data. This has been augmented by outcrop mapping to assist in structural definition between seismic lines. This updated mapping has been incorporated into a natural fracture model which has defined areas with the greatest fracture density. The subsurface target and well trajectory have now been defined and the surface location of the Ooraminna 3 has also been identified. The appropriate licencing and approvals are currently being acquired and the drilling program for the well has been developed and sent to the Northern Territory Department of Primary Industry and Resources ("DPIR") for approval. The Ooraminna field has an inferred closure area of ~175 km<sup>2</sup> and preliminary estimates of Original Gas In Place ("OGIP") for the Pioneer Formation range from ~125 Bcf to ~425 Bcf. Currently, there are no resources certified at Ooraminna, however, demonstrating increased productivity through drilling in areas of predicted increased natural fracture density will lead to resource/reserves certification.

No material developments occurred in Central's other exploration and application areas during the quarter. However, Central continues to work with stakeholders and progress discussions pertaining to the grant of application areas and rationalisation of low prospectivity areas.

## PRODUCTION ACTIVITIES:

### Mereenie Oil and Gas Field (OL4 and OL5) – Northern Territory

*(CTP-50% interest [Operator], Macquarie Mereenie Pty. Ltd -50%.*

#### During the Quarter:

- Operations continued in full compliance with the NT regulations.
- Ongoing control improvements implemented on plant, refrigeration and production processes are resulting in more reliable operations, less operator call outs and operational efficiencies.
- Well integrity campaign completed. Internal risk assessments ongoing and work program being prepared.
- New instrument air compressors purchased, delivered and installed.
- New inlet separators procured for Central Treatment Plant from surplus available equipment.

#### Stairway Sandstone at Mereenie

West Mereenie 15 was shut-in during the quarter to continue to gather pressure build-up data. Through additional decline curve and pressure transient analysis, it is confirmed that the well is producing from a dual porosity/permeability system, with natural fractures and matrix both contributing to production and the natural fractures enhancing the productivity and Estimated Ultimate Recovery ("EUR"). Natural fractures identified in outcrop, core and wireline logs support the production and pressure build-up observations. Also, the Lower Stairway Formation in the eastern part of the field produced ~2 Bcf from a naturally fractured vertical well. Natural fracture data gathering and modelling of the Upper and Lower Stairway formations has been completed to determine areas with the greatest natural fracture density which subsequently are targets for the planned sub-horizontal wells West Mereenie 25 and 26. Subsurface (reservoir) lateral intervals have been selected for both wells as well as associated surface well locations. Drilling programs have been developed, licences and approvals are currently being acquired. Preliminary estimates of OGIP for both the Upper and Lower Stairway range from ~240 Bcf to ~400 Bcf and reserve auditor (NSAI) has certified 120 PJ of 2C resources. By targeting areas of predicted increased natural fracture density with sub-horizontal wells, productivity and EUR are predicted to

convert resources to reserves. Existing wells will also be utilized where possible in order to significantly reduce capital associated with converting resources to reserves.

### Health, Safety and the Environment

- Site Skills and Charles Darwin University (“CDU”) have been engaged to provide Central’s training for field based staff.
- Evaluation of alternatives for water management and salt disposal is still undergoing. Amendment to the risk assessment evaluation will include bury of salt in an allocated borrow pit within the field.
- An external Environmental Audit was conducted in late February by Low Ecological Services and Central’s Environmental Engineer. Report is under revision.
- Central continues working closely with the NT DPIR and Low Ecological Services to ensure environmental compliance at Mereenie.

## Palm Valley - Northern Territory

*(CTP-100% interest)*

### Palm Valley Stairway and Pacoota

The main producing reservoirs at Palm Valley are the Lower Stairway and Pacoota formations. To date, ~160 Bcf of gas has been produced from the naturally fractured reservoir. OGIP estimates vary greatly over the field, but all are in excess of 1 Tcf. With the current wells, the EUR is predicted to be around ~200 Bcf, this is a very low recovery factor for a naturally fractured reservoir and implies a large quantity of gas still remaining in the ground. Production performance and interference testing have shown that the existing wells may not be connected to the total estimated gas in place volume, which implies that there are other compartments of the field that have not been drained and contain gas in possibly producible quantities. To determine the possible location and size of these areas that could be segregated from the producing wells, a natural fracture model has been created with data from seismic, outcrop, image logs, production and core data. The model predicts hydrocarbon resources which are the target for a deviated infill appraisal well which will prove the hypothesis, potentially leading to an increase in 2P reserves. A subsurface target and well trajectory has been identified, the subsequent well surface location has been selected and optimised to utilise an existing well pad and production facilities. The drilling program is being developed and licences and approvals are currently being acquired.

Plant remained on standby for the period.

### Health, Safety and the Environment

- Evaluation of alternatives for salt disposal from the field are still ongoing. Comments received from the DPIR and Low Ecological Services (third party consultants) suggest the possibility to bury salt in situ and rehabilitate the PV9 pond in a similar way to the successful Pond #1 rehabilitation.
- An external Environmental Audit was conducted in the last week in February 2018. The draft report has been received and is under revision.
- Weed and combustible material management is underway. External contractors have been employed to undertake this work.

## Dingo Gas Field (L7) and Dingo Pipeline (PL30) – Northern Territory

*(CTP – 100% Interest)*

### During the Quarter:

- Operations continued in full compliance with the NT regulations.
- Water Bath Heater on site (see Figure 3).
- Fabrication of TEG package complete and being transported to site from Adelaide in May.

### Health, Safety and the Environment

- Central hired the services of Orange Creek Station to conduct environmental earthworks around the field. This includes, whoa-boy reinstatement along the Right of Way and fire brakes grading.
- Central re-submitted to the DPIR the BECGS/Dingo Field Environmental Management Plan (“FEMP”) to reflect new Petroleum (Environmental) Regulations and lessons learnt from the Mereenie FEMP.
- Third party contractor has been hired to conduct weed management control around the field. This contractor employs local Indigenous workforce.



*Figure 2: Water bath heater for Dingo situated on-site.*

### Surprise Production Licence (L6) – Northern Territory

*(CTP - 100% Interest)*

- Surprise West remained shut-in during the quarter. The well has been temporarily shut-in to gather pressure data to assess the re-charge potential of the field. The fluid level is being monitored regularly. Further assessment of the pressure build-up, expected well deliverability and production forecast will aid in determining the commerciality of bringing the well back on production given the recent increase in oil prices.

### Health, Safety and the Environment

- The Field Environment Management Plan (“FEMP”) is still under development to ensure full compliance with the new NT Petroleum regulations.

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## **2018 Drilling Campaign Mereenie Stairway (CTP – 50% Interest), Palm Valley Stairway/Pacoota and Ooraminna Pioneer Commitment wells (both CTP 100% Interest)**

During the quarter, the drilling team advanced the planning and programming for the three firm and one appraisal well campaign at Mereenie, Palm Valley and Ooraminna that is planned to commence in May 2018.

The team has continued to engineer, develop and refine all aspects of the specialised drilling engineering required to successfully execute the challenge and exciting drilling program whilst optimizing on the synergy between the wells. The planning to date has concentrated on:

- Review of the lessons learnt from all wells drilled to date in Mereenie, Palm Valley and Ooraminna.
- Detailed review all relevant offset well data.
- Review of the fracture modelling, map the highest fracture densities and plan well trajectories and drilling requirements to intersect the naturally occurring fractures.
- Prepared detailed drilling programs for the four wells and submit these to the DPIR.
- Prepared the appropriate Environment Management Plans for all programs.
- Approval to drill received for the Mereenie wells.
- Review tenders for the drilling program and award the drilling contract to Ensign Australia.
- All other vendors for hardware and service companies required for the success of the program have been reviewed and contracts awarded. All items have now been ordered for the program.
- Conduct multiple peer reviews of the programs with leading industry experts.
- HAZID workshops have been completed with the relevant companies involved in the program.
- A successful Drill Well On Paper (DWOP) completed covering all of the relevant companies and processes required for the well construction.
- All required safety documents (Safety Management Plan, Emergency Response Plans, Bridging Documents, etc) have been prepared, submitted and approved by the DPIR.
- Initial rig loads mobilized to Mereenie – *see figures 3 & 4*.
- Anticipated spud date end of May 2018 for the first Mereenie well WM26.

The Mereenie wells have been designed to spud with a 17 ½ inch bit and set 13 3/8 inch casing set across the Mereenie aquifer to isolate the surface waters. The second string of nine (9) 5/8 inch surface casing set into the top of the Stokes Siltstone. The intermediate 8 ½ inch hole section will build angle from vertical to land into the reservoir at near horizontal, a 7 inch liner will then be run. The liner will be set on a hanger with a liner top packer which will be set 50m into the previously set surface casing. Once cemented in place, a Cement Bond Log will be performed across the liner and surface casing strings. After confirming the integrity of the casing strings and cement, a tie-back casing and Downhole Deployment Valve (“DDV”) will be installed. The DDV allows for the safe recovery of the drilling assemblies while tripping in and out of the well without the need to place fluids across the drilled interval. The drilling pad has been completed and the rig is being assembled on the pad. Rigorous inspections of the rig has discovered minor defects which are being rectified. Spudding of the well will occur thereafter.



**Figures 3 and 4:** First Rig loads arriving to Mereenie site.

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**Figures 5 and 6:** Ensign 932 rigging up on West Mereenie 26 well location



# West Mereenie 26 Well Design

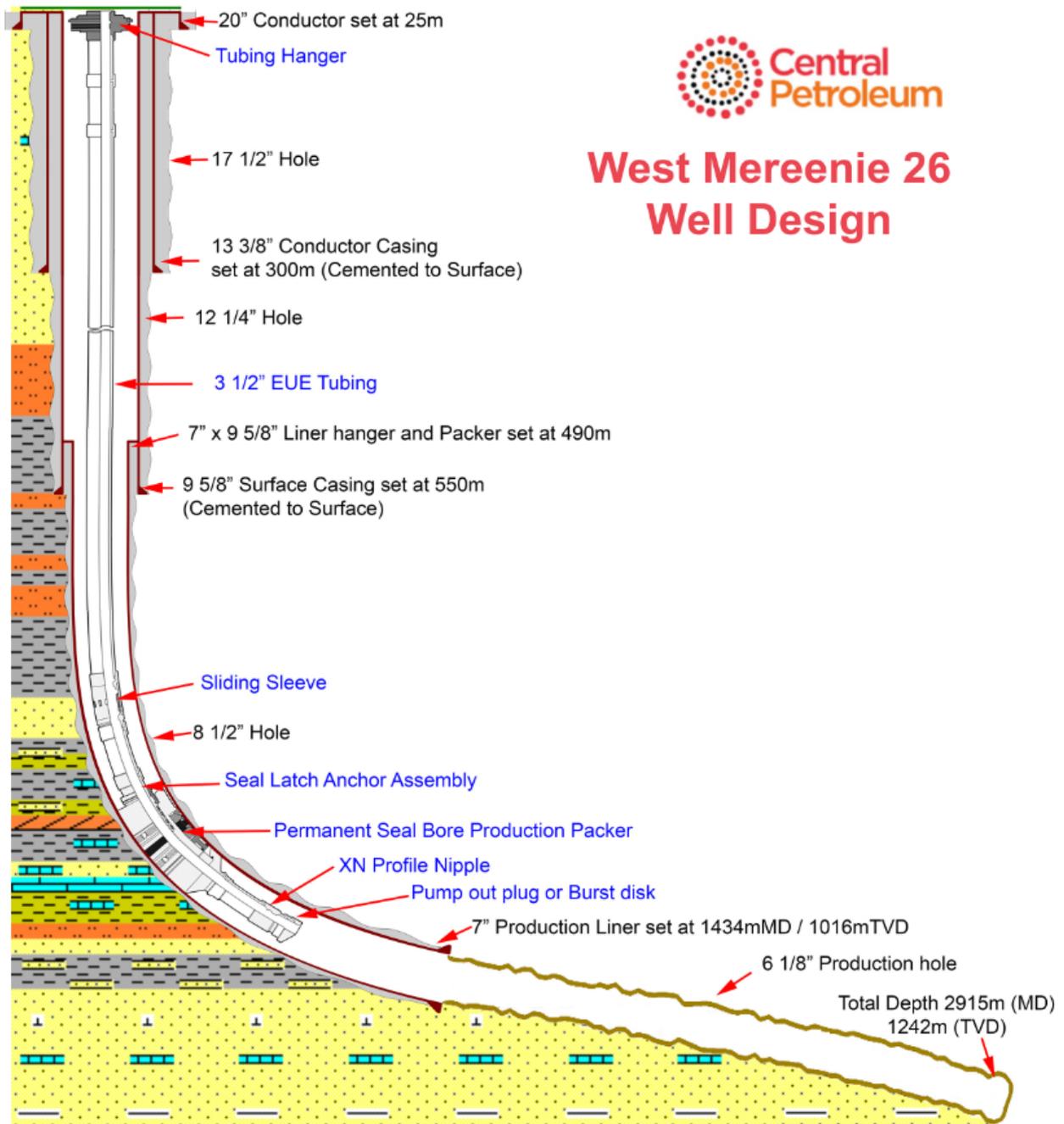


Figure 7: West Mereenie 26 Well design.

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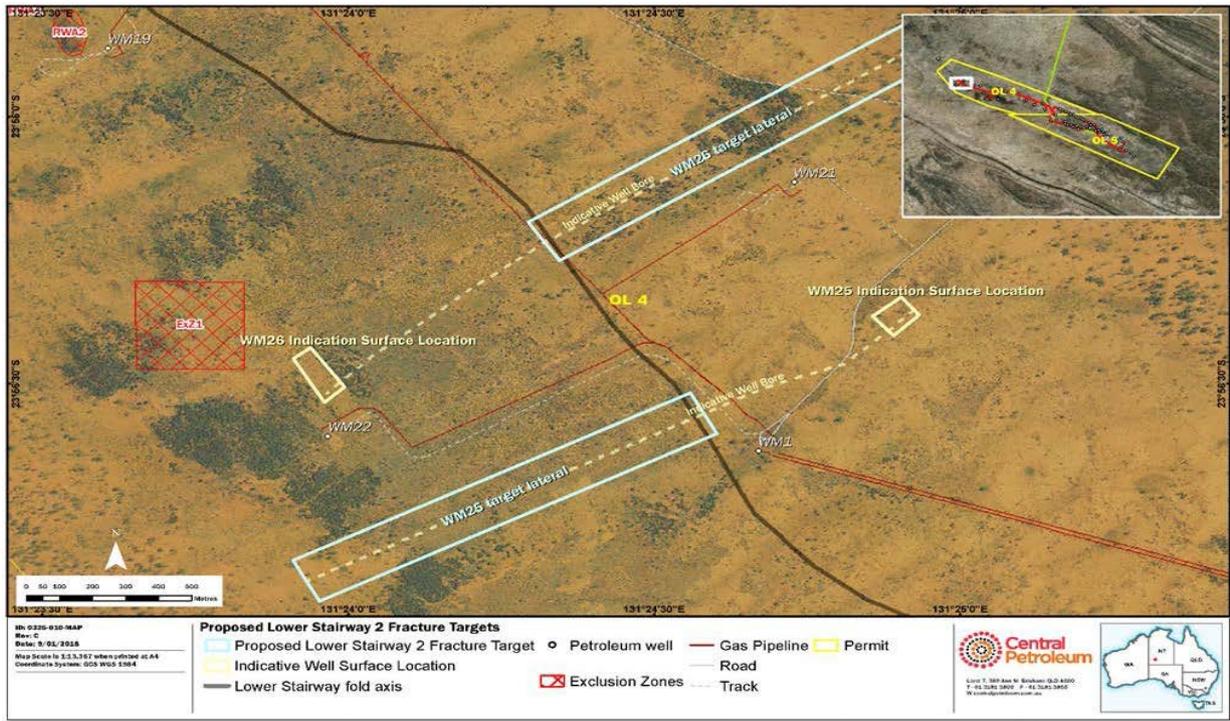


Figure 8: Surface locations.

### Ooraminna Appraisal Drilling Update

A vertical appraisal well is being planned as part of the Northern Territory drilling campaign. The well design is to drill 12 ¼ inch top hole and set 9 5/8 inch surface casing at 400m - 500m and then an 8 ½ inch hole will be drilled to total depth to allow for a full reservoir evaluation and depth control. Once the data has been analysed a decision will be made as to further drilling or completion options. The well is located to intersect the naturally occurring fractures to enhance the likelihood of the wells success.

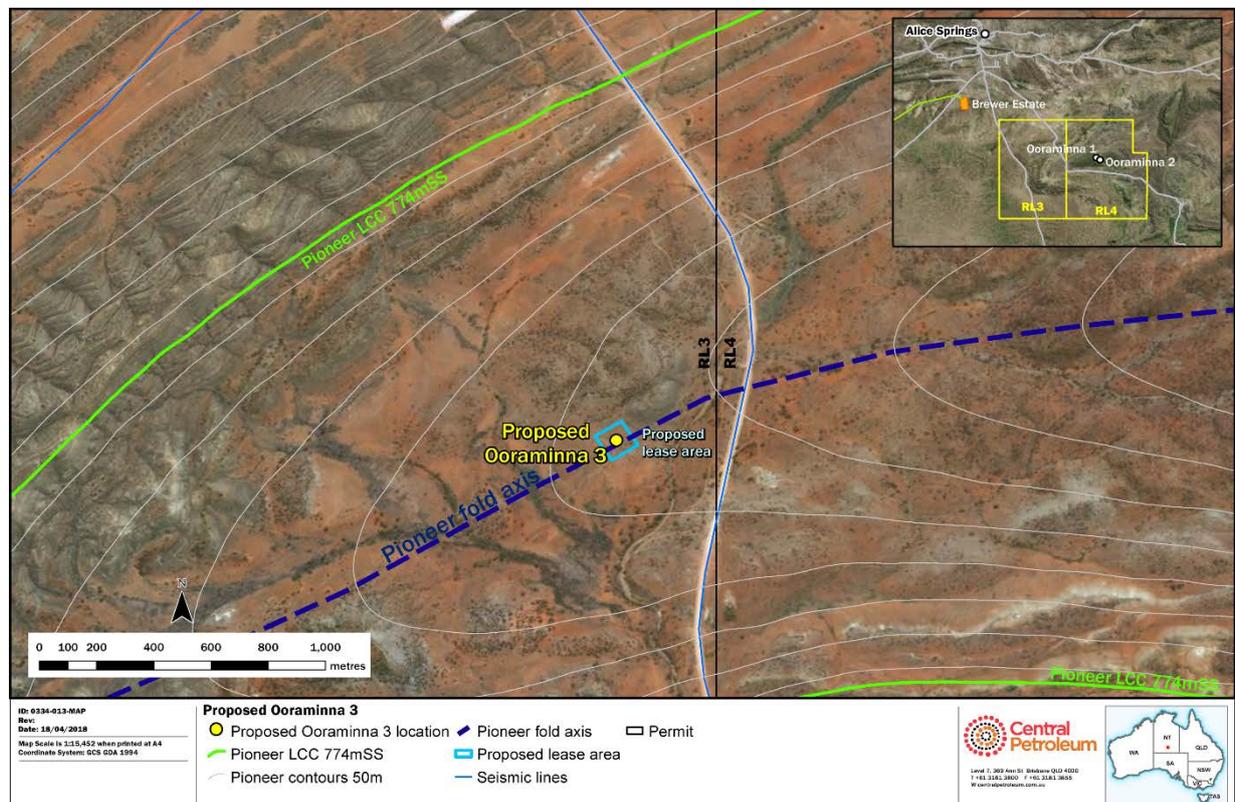


Figure 9: Ooraminna 3 surface location and reservoir trajectory projection

**Palm Valley Appraisal Drilling Update**

Palm Valley 13 is planned as an appraisal well to evaluate the Stairway, Pacoota Sandstone and Horn Valley Siltstone reservoirs to connect as many as possible of the naturally occurring fractures. It is proposed to drill the well as a high angle directional well from an existing well pad due to surface constraints. A well design and directional plan has been created that allows for a vertical surface hole to +/-1000m followed by a directional build section to intersect the top of the reservoir. This section will be cased with a 7 inch liner. A 6 inch production hole will be drilled horizontally within the Pacoota using direct circulation air/mist drilling techniques. The program, Environmental Management Plan and required documentation has been generated and sent to the DPIR for approval.

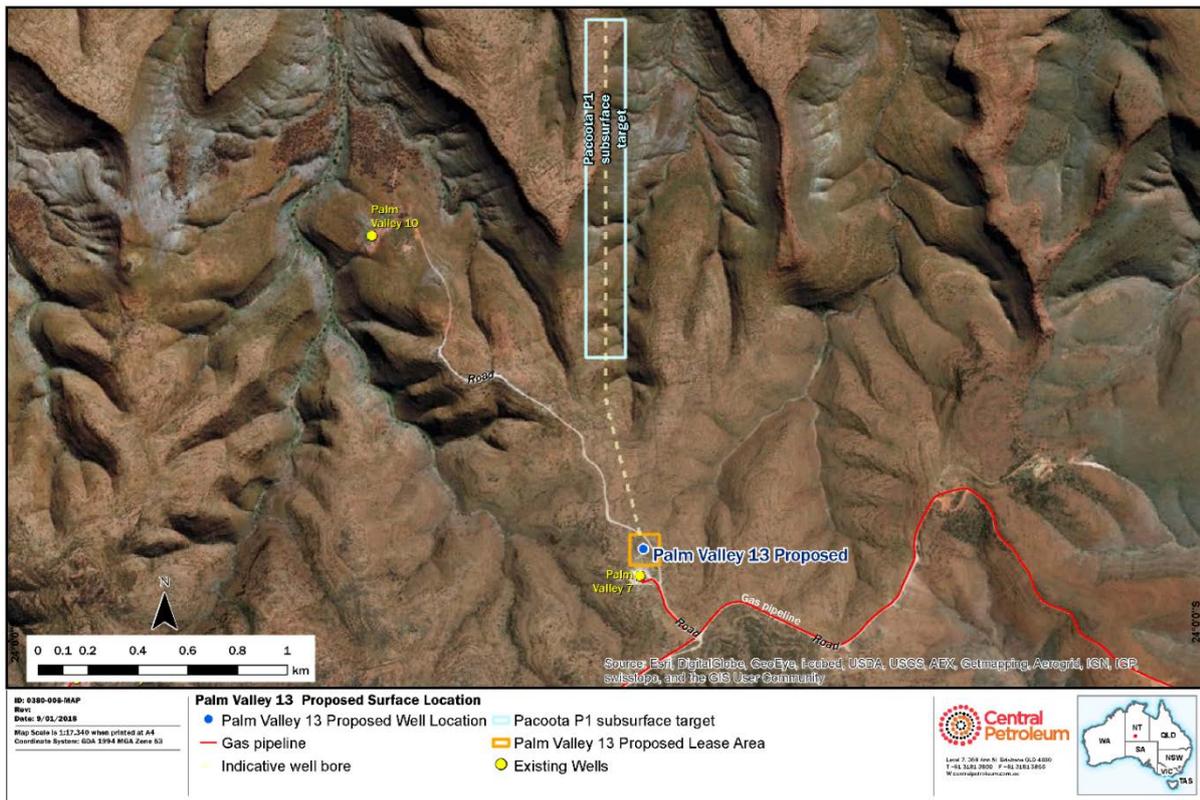


Figure 10: Palm Valley 13 surface location and reservoir trajectory projection.

**SALES – CENTRAL PETROLEUM EQUITY ADJUSTED SHARE**

**Sales Volumes**

Product	Unit	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17
Gas	TJ	1,108	766	3,653	2,456
Crude and Condensate	bbbls	25,986	26,421	79,985	83,084

**Sales Revenue**

Product	Unit	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17
Gas, Crude and Condensate	\$'000	8,235*	5,918	25,908	18,558

\*Includes take or pay revenue of \$439,000 (2016/17 - \$469,000)

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## INTERESTS IN PETROLEUM PERMITS AND LICENCES AT 31 MARCH 2018

### Petroleum Permits and Licences Granted

Tenement	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
EP 82 (excl. EP 82 Sub-Blocks) <sup>1</sup>	Amadeus Basin NT	Santos	60	60	Santos	40
EP 82 Sub-Blocks	Amadeus Basin NT	Central	100	100		
EP 93	Pedirka Basin NT	Central	100	0		
EP 97	Pedirka Basin NT	Central	100	0		
EP 105 <sup>1</sup>	Amadeus/Pedirka Basin NT	Santos	60	60	Santos	40
EP 106 <sup>3</sup>	Amadeus Basin NT	Santos	60	60	Santos	40
EP 107	Amadeus/Pedirka Basin NT	Central	100	0		
EP 112 <sup>1</sup>	Amadeus Basin NT	Santos	60	60	Santos	40
EP 115 (excl. EP115 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
OL 3 (Palm Valley)	Amadeus Basin NT	Central	100	100		
OL 4 (Mereenie) <sup>4</sup>	Amadeus Basin NT	Central	50	50	Macquarie	50
OL 5 (Mereenie) <sup>4</sup>	Amadeus Basin NT	Central	50	50	Macquarie	50
L 6 (Surprise)	Amadeus Basin NT	Central	100	100		
L 7 (Dingo)	Amadeus Basin NT	Central	100	100		
RL 3 (Ooraminna)	Amadeus Basin NT	Central	100	100		
RL 4 (Ooraminna)	Amadeus Basin NT	Central	100	100		
ATP 909 <sup>5</sup>	Georgina Basin QLD	Central	100	100		
ATP 911 <sup>5</sup>	Georgina Basin QLD	Central	100	100		
ATP 912 <sup>5</sup>	Georgina Basin QLD	Central	100	100		

### Petroleum 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 <sup>2</sup>	Amadeus Basin NT	Santos	100	50	Santos	50
EPA 120	Amadeus Basin NT	Central	100	100		
EPA 124 <sup>2&amp;6</sup>	Amadeus Basin NT	Santos	100	50	Santos	50
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	Central	100	100		
EPA 149	Amadeus Basin NT	Central	100	100		
EPA 152 <sup>6</sup>	Amadeus Basin NT	Central	100	100		
EPA 160	Lander Trough NT	Central	100	100		
EPA 296	Lander Trough NT	Central	100	100		

### Pipeline Licences

Pipeline Licence	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
PL 2	Amadeus Basin NT	Central	50	50	Macquarie	50
PL 30	Amadeus Basin NT	Central	100	100		

#### Notes

- Santos' right to earn and retain participating interests in the permit is subject to satisfying various obligations in their farmout agreement with Central. The participating interests as stated assume such obligations have been met, otherwise may be subject to change.*
- Effective 1 May 2017, Santos exercised its option to acquire a 50% participating interest in and be appointed operator of EPA 111 and EPA 124, which was granted as part of Central's acquisition of a 50% interest in the Mereenie oil & gas field.*
- Santos (as Operator) has continued the process of an application with the NT Department of Primary Industry and Resources for consent to surrender Exploration Permit 106.*
- As per Central's announcement dated 20 December 2016, Santos has sold its 50% interest in the Mereenie oil and gas field (OL 4 and OL 5) and the Mereenie to Alice Springs Pipeline (PL 2) to Macquarie Mereenie Pty Ltd (a subsidiary of Macquarie Group Limited) with effect on and from 1 January 2017.*
- As per Central's announcement dated 27 February 2017, Total GLNG Australia has elected not to proceed with the Stage 2 Farmin into Central's Queensland Permits. As a result, Central will retain 100% interest in the acreage.*

- 6 *On 8 December 2017 Central received notice from the Central Land Council that consent for exploration permit application 124 and exploration permit 152 would not be granted. On 23 March 2018 Central received notice from the NT Department of Primary Industry and Resources that exploration permit 152 has been placed in moratorium for a period of 5 years from 6 December 2017 until 6 December 2022.*
- 7 *As per Central's announcement dated 1 March 2018, Central was the preferred bidder for Queensland Government's tender for acreage (PLR201718-1-1) dedicated to domestic market. This ATP is yet to be granted.*

## **CORPORATE**

### **Cash Position**

The Group began the Quarter with \$28.6M in cash and at the end of the quarter held \$28.8M. Cash positions are inclusive of the Group's share of cash held in Joint Venture bank accounts and funds held with Macquarie Bank to be used for allowable purposes under the Facility Agreement.

Net cash inflow from Operations for the quarter was \$4.4M, after deducting \$1.5M of interest charges relating to the Macquarie debt facility, and \$2.1M of exploration costs (of which 1.3M relates to the upcoming drilling program).

Receipts from customers were \$8.3M for the quarter, compared to \$8.5M in the previous quarter. In addition annual "take or pay" receipts under GSAs amounting to \$5.4M, were also received during the quarter.

Cash outflows for the March quarter comprise normal operational and administrative expenditures.

Expenditure on capital projects (non-exploration) amounted to \$0.4M and included some preliminary work on facilities expansions at Mereenie. In addition, security deposits amount to \$2.8M were paid in relation to the rig for the upcoming drilling program.

A further \$1M principal repayment was made in respect of the Macquarie Bank loan facility together with the quarterly interest payment of \$1.5M.

The Company constantly reviews its costs in order to prudently manage its cash position.

### **Issued Securities of the Company**

At 31 March 2018 the Company had 707,081,966 ordinary shares on issue, 31,565,409 share rights expiring on various dates and 30,000,000 unlisted options exercisable at \$0.20 per option and with an expiry date of 1 September 2019.

**Richard Cottee**



**Managing Director**  
**30 April 2018**

**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.

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## Appendix 5B

### Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

**Name of entity**

CENTRAL PETROLEUM LIMITED

**ABN**

72 083 254 308

**Quarter ended ("current quarter")**

31 MARCH 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	13,747*	30,403*
1.2 Payments for		
(a) exploration & evaluation	(2,110)	(3,080)
(b) development	-	-
(c) production	(4,697)	(13,614)
(d) staff costs	(1,029)	(3,398)
(e) administration and corporate costs (net of recoveries)	(434)	(1,844)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	155	354
1.5 Interest and other costs of finance paid	(1,467)	(4,460)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	218	238
<b>1.9 Net cash from / (used in) operating activities</b>	<b>4,383</b>	<b>4,599</b>

\*Includes proceeds under Take or Pay contracts of \$5,418,771

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<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(396)	(1,354)
	(b) tenements (see item 10)	–	–
	(c) investments	–	–
	(d) other– Security Bonds	(2,812)	(2,812)
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	34	34
	(b) tenements and applications (see item 10 for tenements)	–	310
	(c) investments	–	–
	(d) other non-current assets – redemption of security bonds	–	71
2.3	Cash flows from loans to other entities	–	–
2.4	Dividends received (see note 3)	–	–
2.5	Other (refunded deposit to Joint Venture partner on withdrawal from Joint Venture)	–	–
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3,174)</b>	<b>(3,751)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	–	27,250
3.2	Proceeds from issue of convertible notes	–	–
3.3	Proceeds from exercise of share options	–	–
3.4	Transaction costs related to issues of shares, convertible notes or options	–	(1,775)
3.5	Proceeds from borrowings	–	–
3.6	Repayment of borrowings	(1,000)	(3,000)
3.7	Transaction costs related to loans and borrowings	–	–
3.8	Dividends paid	–	–
3.9	Other (provide details if material)	–	–
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(1,000)</b>	<b>22,475</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	28,592	5,478
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,383	4,599
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,174)	(3,751)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,000)	22,475
4.5	Effect of movement in exchange rates on cash held	–	–
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>28,801</b>	<b>28,801</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances <sup>1</sup>	28,800	28,591
5.2	Call deposits	–	–
5.3	Bank overdrafts	–	–
5.4	Other (Cash on hand)	1	1
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>28,801</b>	<b>28,592</b>

<sup>1</sup> Includes share of Joint Venture bank accounts, and cash held with Macquarie Bank Limited (Current Quarter \$3,540,969; Previous Quarter \$2,323,958) to be used for allowable purposes under the Facility Agreement.

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	298
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	–
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Includes Salaries, Directors fees and Superannuation contributions		

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7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	–
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	–
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end <sup>2</sup> \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	79,809	79,809
8.2 Credit standby arrangements	–	–
8.3 Other (please specify)	–	–
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Represents the Macquarie Bank Facility which is a secured 5 year partially amortising term loan maturing 30 September 2020 with quarterly principal and interest repayments. The weighted average interest rate at end of the current quarter was 7.28% (floating interest rate).

<sup>2</sup> Amortised remaining Facility limit. Original facility limit was \$90 million.

9. <b>Estimated cash outflows for next quarter<sup>3</sup></b>	\$A'000
9.1 Exploration and evaluation	(16,495)
9.2 Development	–
9.3 Production	(3,806)
9.4 Staff costs (net of recoveries)	(1,230)
9.5 Administration and corporate costs (net of recoveries)	(300)
9.6 Other	
- Payments for property, plant & equipment	(2,386)
- Interest and debt repayments	(2,527)
<b>9.7 Total estimated cash outflows</b>	<b>(26,744)</b>

<sup>3</sup> Outflows only, does not reflect proceeds from product sales, take or pay, or other income

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## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	ATP(A) 2031	Exploration Permit (Under Application) - QLD	Nil	100%

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
(Director/Company Secretary)

Date: 30 April 2018

Print name: .....JOSEPH MORFEA.....

**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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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