

# Lies and rumourtrage demand disinfectant

The only thing gas man Richard Cottee shares with Mark Twain is that he too has been forced to correct reports of his own death.

Cottee is the jovial and canny exotic who runs the Northern Territory gas explorer and little oil producer, Central Petroleum. A little more than a week ago, he was told he had died. A friend called the office saying he had read claims of Cottee's death on a well-populated shareholder chat room.

Cottee corrected the record with abrupt, colloquial certainty and immediately went away to take a squiz at the chat room in question. The misinformation had been taken down. But his interest had been understandably piqued and a watch on social media trolling has been subsequently maintained by Central Petroleum people.

The immediate result of this new routine interest in the surprisingly abundant social chatter about his company was an unusual little disclosure notice issued through the ASX platform on Thursday afternoon.

In it the company noted "significant market speculation circulating in social media about Central Petroleum" and expressed concern the misinformation risked "creating a false market" for its shares.

The specific causes of concern were reports that suggest a cohort of directors and management of Central Petroleum had joined a senior shareholder in selling down positions in the company.

After a quick review of the ASX's directive on the disclosure obligations triggered by social media, Cottee decided the company needed to make a formal response to the chatter.

For the record, the ASX position is that tracking social media is a market obligation that rests with companies. The companies have to form views of the channels of commentary and speculation that might be material to their markets. It is their responsibility to monitor those markets and to make clarifying disclosure if management deem it necessary.

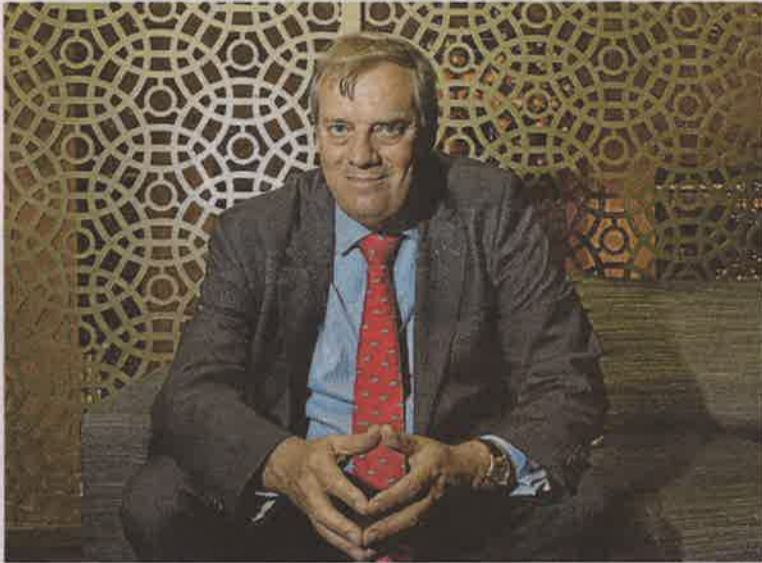
So it was that Central Petroleum published a rebuttal as blunt as it was detailed. No director, nor any company associated with a director, including new US-based ally Magellan Petroleum, had sold shares.

Indeed, far from diluting, each of the individuals named in the speculation had, in fact, been buying shares over the past two weeks.

The buyers included chairman Andrew Whittle and non-executive director Rob Hubbard. Cottee was a buyer, too, as was fellow executive director, chief operating officer Mike Herrington. And so was CFO Leon Devaney, exploration general manager Mike Bucknill and company secretary Joseph Morfea.

The thing to appreciate here is that, in requesting a more routine surveillance of Cottee had more than mortality on his mind though.

The Central man had been left perplexed and not a little irritated by a nearly 40 per cent fall in the driller's



Richard Cottee is more than a bit irritated by unfounded rumours. PHOTO: JESSE MARLOW

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share price following news that should more sensibly have been received as pretty positive.

On October 10, the Council of Australian Governments agreed the time to link Alice Springs to the Moomba gas network was finally nigh. With that, the NT chief minister Adam Giles said he wanted to gather by the end of 2015 firm expressions of interest in building the missing link between northern gas production and east-coast gas markets.

Giles went on to say he wanted the pipeline under construction by 2016 and, as recently as Thursday. The nation's biggest pipeline operator, APA, noted it was bringing forward its work on the most commercially appropriate pathway for the missing link that will create a truly national network. That said, Giles and COAG seem to have set their sights firmly on the Moomba link.

To suggest this was good news for Cottee is understatement equal to the Twainesque exaggeration that opened our story.

Cottee made a bit of a name for himself at the mid point of the decade as the man who delivered Queensland Gas to a coal seam methane field grand enough to warrant its \$6 billion takeover by BG Group.

When Cottee arrived at QGC, it was a penny dreadful with misplaced aspiration. In 2007 BG paid \$5.75 a share to own what Cottee had built.

Now he is working out whether lightning might strike twice with Central and its Texas-sized acreage through the NT's sparse eastern and

central flanks. Success depends on finding gas where history says he should and then finding a path to market for that energy.

Cottee has introduced Santos and Total to find his gas and worked tirelessly behind the scenes to convince the NT government it needs to back the Moomba link.

COAG's endorsement was the next big step towards fulfilment of Central's promise. But Central share price began falling in the days ahead of that meeting and continued that slide pretty much until this week's ASX clarification. Over that time, despite the positive news flow, Cottee's share price fell from a high of 28¢ to hit a low of 17¢ at Tuesday's close.

Self-evidently, Central believes this retreat is the result of what is, at best, commercial trolling and, at worst, an attempt to manipulate the market. Either way, the company is a victim of a grey market in information that poses a particular threat to those least able to monitor them.

It is generally accepted in the regulator space that social media is proving a dangerous new tool for the artists of rumourtrage.

Monitoring the breadth of open social networks where people can broadcast with the impunity of anonymity is a feat beyond the resources of most junior companies. And yet, it is at the smaller end of the market where misinformation can materially recast pricing.

To that end, we hear the company is running a deep dive on trading patterns and if days of particularly heavy trading in Central Petroleum stock might be linked to the misinformation being peddled.

But, as the ASX and ASIC keep reminding anyone that will listen, this is a very difficult proposition to prove and, at this stage, it seems Central has not made formal approach to the regulator. Meanwhile, it is understood the ASX received Thursday's disclosure as a "lesson for other companies that might fall victim to trolling". As a former ASX chairman Maurice Newman used to say, sunlight is the best disinfectant.