

OPERATING ACTIVITIES REPORT AND ASX APPENDIX 5B For the Quarter ended 30 June 2017



Figure 1: Seismic data acquisition in Southern Amadeus Basin during 2017. (Photo's courtesy of Santos)

HIGHLIGHTS

- On 26 April 2017 Central announced the signing of a Gas Supply Agreement with EDL NGD (NT) Pty Ltd ("EDL") to supply 9.85PJ of gas over five years to the Northern Territory Pine Creek Power Station operated by EDL.
- Delivery of gas to Pine Creek under the EDL GSA commenced on 1 June 2017.
- A Scheme Meeting of Shareholders was held on 29 June 2017 to vote on a Scheme of Arrangement ("Scheme") between Central and Macquarie with the required majority of 75% of shares voted not being met falling short by under 7% (68% of shares voted in Favour) and the Scheme voted down.
- 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.
- Commenced Palm Valley fracture modelling to ascertain development well infill drilling opportunities.
- Cash balance at the end of the quarter was \$5.5 million.
- A webinar presentation will be delivered by the Managing Director on Monday, 31 July 2017 commencing at 11am to discuss the quarterly review. Participants wishing to attend this webinar will need to register using the following link <https://app.livestorm.co/central-petroleum-limited/ctp>

MANAGING DIRECTOR'S REPORT TO SHAREHOLDERS FOR THE QUARTER

The last quarter has been a period of immense activity and achievement as the Company continued to implement its gas strategy first articulated in 2013. At Dingo, the Company completed the engineering for a new TEG unit at Brewers Estate and, with budgeting approval in place, this is now out for tender. The commissioning of the new TEG unit is designed to coincide with the commissioning of the upgraded Owen Springs Power Station and will further automate operations. It has been designed with a view to accommodate anticipated success of drilling at Ooraminna scheduled for early next year.

The modelling of the natural fractures at Mereenie, based on over 60 data points, and the Stairway in particular has now been completed and two drilling locations have been selected. We know that low nitrogen gas exists in the Stairway and has a potential gross 2P target of 95–160 BCF (110–185PJ). Subject to joint venture approval and funding, a two well horizontal drilling programme designed to intersect the natural fractures is now ready for execution.

Similar modelling has now commenced for Palm Valley and should be completed by the end of this coming quarter. Preliminary estimates indicate that a horizontal well, which intersects the natural fractures in the existing production area, could add an incremental gross 2P Reserves of 75–150 BCF (83–165 PJ). This should be drill-ready by the fourth quarter.

At Ooraminna, Central has a commitment well which must be spudded by April next year if the Retention Licence is to be retained. RISC, in the recent Scheme of Arrangement (“SOA”) documents, gave a Contingent Resources EUR of 81–144 PJ. The fracture modelling is close to being completed and this well should be drill-ready by the fourth quarter.

The Company was able to announce the Gas Sales Agreement (“GSA”) with EDL in May and the first gas was delivered under this GSA in June. As the cash flow from those sales was not received until July, this has had no impact on our quarterly cash flow. Going forward this GSA will make the Company unambiguously cash flow positive until commencement of the Northern Gas Pipeline (“NGP”).

Under the interim Gas Balancing Agreement (“GBA”) negotiated when Santos was our Mereenie joint venturer, the EDL sales was the last GSA out of Mereenie that could be unilaterally negotiated by Central. Now that Macquarie is our joint venturer, it is a priority to enter into a marketing agreement with Macquarie that will enable further GSA's to be consummated. Given the good relations that have been maintained with Macquarie, the Company is confident that this complexity will be resolved sooner rather than later.

During the quarter, the Company continued to allocate a significant amount of management's time to the twin issues of pipeline tariff reform and the NT Fracking Inquiry. The final GMRG recommendations on non-scheme pipelines were more favourable than its interim recommendations. The interim report by Justice Pepper continues to exclude the operations of Central.

Notwithstanding the impressive progress made on our fundamental business, the quarter was dominated by the Macquarie SOA. In a vote, at which over 64% of shareholders voted, this SOA was defeated by a narrow margin 68% in favour with 32% against. As can be seen by my earlier commentary, the Company's progress was not materially hampered by the SOA.

Out of the SOA two major benefits accrued, namely:

1. a fully informed and reputable company valued the Company at over 20 cents per share; and
2. an Independent Expert, taking into account a \$42 million capital requirement, valued the Company shares in the range of 15 to 20.5 cents per share on a controlling interest basis.

Under both these matrixes the Company's shares remain significantly undervalued leading over time to a pathway to share price accretion once shareholder instability subsides.

On 19 July 2017, an extraordinary general meeting ("EGM") was requisitioned under Section 249D to replace the Board. The Board sought a mandate from its shareholders at that meeting to:

1. implement a capital raising strategy aimed at a low-risk drilling programme with the objective of potentially tripling our gas reserves by the time the NGP becomes operational;
2. negotiate a mutually acceptable pathway with our Mereenie joint venturer, Macquarie, to effectively commercialise the Mereenie gas reserves; and
3. put in the necessary corporate effort to facilitate the nationally necessary pipeline reforms focussing on tariffs and capacity.

The vote at the EGM gave the board the mandate sought. At that meeting 64% of the vote confirmed the board, with 53% of total shares on issue voting.

Now is the time for the Company to heal so that management can concentrate on the externalities necessary to increase shareholder value. An exciting future awaits.

Richard Cottee
Managing Director

REVIEW OF OPERATIONS AND OTHER JOINT VENTURE ACTIVITIES FOR THE QUARTER ENDED 30 JUNE 2017 (“THE QUARTER”)

EXPLORATION/DEVELOPMENT ACTIVITIES:

ATP 909, ATP 911 and ATP 912, Southern Georgina Basin – Queensland *(Joint Venture between CTP - 100% interest [Operator] and Total – Withdrew)*

Central met with DNRM regarding applying for Project Status over the three Queensland permits. Initial discussions have been positive and drafting of the application will follow. Central is working through the DNRM process to transfer the previously Total held 10% back to Merlin Energy Pty Ltd.



Figure 2: Seismic vibrator array providing energy to image sub-surface horizons.



Santos Stage 2 Farm out – Southern Amadeus Basin, Northern

After the completion of detailed analysis of integrated seismic, gravity, historic well data and selection of line locations, the final Land Access and Compensation Agreement for the Amadeus 2D seismic survey was completed, Ministerial approval was obtained for seismic data acquisition which commenced in November 2016. At present a total of 932 km of seismic line data have been acquired – 72% of the total 1,300 line km 2D required to meet Phase 2 Farm-in requirement.

There are good indications of improved seismic imaging as a result of the new acquisition parameters with improved definition of the Dukas Lead and the additional potential for a supra-salt lead. A five month extension to both phase 2 and phase 3 have been agreed.

Figure 3: Geophone array placement to receive reflected acoustic signal.

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 Fm and Pioneer Ss which are gas bearings in the Ooraminna field.

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

Central's evaluation of inventory of leads and prospects is now completed. Play types and leads have been developed for the under-explored section underlying the proven Larapintine system, which is believed to be prospective for gas.

Other Exploration and Application Areas

Ooraminna Field

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 is currently being updated following recent reprocessing of the seismic data. This will be augmented by outcrop mapping to assist in structural definition between seismic lines. This updated mapping will be incorporated into a natural fracture model which will predict areas with the greatest fracture density. The Ooraminna field has an inferred closure area of ~175 km² and preliminary estimates of 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 horizontal drilling in areas of predicted increased natural fracture density, will lead to resource certification.

No significant 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], Santos-50% interest purchased by Macquarie Bank effective January 1, 2017).

During the Quarter:

- On 26 April 2017, Central announced the signing of a Gas Supply Agreement with EDL NGD (NT) Pty Ltd ("EDL") to supply 9.85PJ of gas over five years to the Northern Territory Pine Creek Power Station operated by EDL.
- Delivery of gas from Mereenie to Pine Creek under the EDL GSA commenced on 1 June 2017.
- Annual pre-budget Technical Committee Meeting (TCM) and Operating Committee Meeting (OCM) with Macquarie was conducted on 4 May 2017. The Macquarie representative was briefed on all aspects of Operations, including; production, projects, safety and environment. Macquarie was also introduced to potential activities and projects for FY 17/18 and provided with a draft budget to meet a range of scenarios.
- An inspection and audit was carried out by Northern Territory (NT) Worksafe on 22-23 March, 2017 with no non-compliances noted.
- NT DPIR management visited BECGS and Mereenie on 30/31 March, 2017 with no non-compliances noted.
- Central continued to work on development planning for Mereenie to provide additional supply into the Northern Territory or the Northern Gas Pipeline (NGP) in 2018. Including:

Stairway Sandstone at Mereenie

West Mereenie 15 is currently producing approximately 200mscf/d from the Upper Stairway formation. The well was shut-in recently to continue to gather pressure build-up data. Through decline curve and pressure transient analysis, it is confirmed that the well is producing via 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 have been identified in outcrop, core and wireline logs. Also, the Lower Stairway formation in the eastern part of the field produced ~2 Bcf from a vertical well. Natural fracture data gathering and modelling of the Upper and Lower Stairway formations was undertaken to predict areas with the greatest natural fracture density. Preliminary estimates of original gas in place (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 horizontal wells, productivity and EUR are predicted to converting 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

- Central continues to work with local contractors on an ongoing basis to ensure road maintenance and erosion events are managed.

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 is being created with data from seismic, outcrop, image logs, production and core data. Where the model predicts unconnected resources, infill drilling will follow to prove the hypothesis, potentially leading to an increase in 2P reserves.

- All repairs completed at the plant and the plant remains on standby ready for production.
- Commenced fracture modeling on Palm Valley main field using available surface fracture data as well as downhole log data. The results may support development infill drilling opportunities.
- Instrumentation engineering study conducted to determine scope of work to remotely operate field.
- Compressors started periodically.

Health, Safety and the Environment

- Fire exclusion zone monitoring, including weed and combustible material clearing continued as part of the site HSE auditing process.

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

(CTP – 100% Interest)

During the Quarter:

- The field continued to supply Owen Springs Power Station.
- Concept design for Dingo 2 Separator or water bath heater to control hydrate formation at the well site.
- Engineering has been completed and tenders let for 4 glycol dehydration plant to improve hydrate management at the plant site.

Health, Safety and the Environment

- Central has initiated a comprehensive training program to up-skill current capabilities and competencies.

Surprise Production License (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. Should oil prices recover significantly, production can recommence after assessing the pressure build-up. Fluid level monitored regularly.

Health, Safety and the Environment

- Central continues complying with environmental monitoring and compliance during shut-in period.

SALES – CENTRAL PETROLEUM EQUITY ADJUSTED SHARE**Sales Volumes**

Product	Unit	Q4 2016/17	Q4 2015/16	YTD 2016/17	YTD 2015/16
Gas	TJ	866	783	3,223	3,230
Crude and Condensate	bbbls	28,296	28,540	111,380	98,635

Sales Revenue

Product	Unit	Q4 2016/17	Q4 2015/16	YTD 2016/17	YTD 2015/16
Gas, Crude and Condensate	\$'000	6,237	5,931	24,794*	22,643

Note * - Includes take and or pay of \$469,000

INTERESTS IN PETROLEUM PERMITS AND LICENCES AT 30 JUNE 2017

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) ¹	Amadeus Basin NT	Santos	60	60	Santos	40
EP 82 Sub-Blocks	Amadeus Basin NT	Central	100	100		
EP 93 ⁷	Pedirka Basin NT	Central	100	0		
EP 97 ²	Pedirka Basin NT	Central	100	0		
EP 105 ¹	Amadeus/Pedirka Basin NT	Santos	60	60	Santos	40
EP 106 ⁴	Amadeus Basin NT	Santos	60	60	Santos	40
EP 107 ⁵	Amadeus/Pedirka Basin NT	Central	100	0		
EP 112 ¹	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) ⁶	Amadeus Basin NT	Central	50	50	Macquarie	50
OL 5 (Mereenie) ⁶	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 ⁸	Georgina Basin QLD	Central	90	100		
ATP 911 ⁸	Georgina Basin QLD	Central	90	100		
ATP 912 ⁸	Georgina Basin QLD	Central	90	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 ³	Amadeus Basin NT	Santos	100	50	Santos	50
EPA 120	Amadeus Basin NT	Central	100	100		
EPA 124 ³	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	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

- ¹ 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.
- ² On 20 June 2016 Central submitted an application to the NT Department of Mines and Energy for consent to surrender Exploration Permit 97. The application is currently under review.
- ³ 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.

- 4 *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.*
- 5 *On 23 September 2016 Central submitted an application to the NT Department of Primary Industry and Resources for consent to surrender Exploration Permit 107. The application is currently under review.*
- 6 *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.*
- 7 *On 25 January 2017 Central submitted an application to the NT Department of Primary Industry and Resources for consent to surrender Exploration Permit 93. The application is currently under review.*
- 8 *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.*

CORPORATE:

Cash Position

The Company began the Quarter with \$7.8M in cash and at 30 June 2017 held \$5.5M. Both cash positions are inclusive of the Company'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 inflows from operations, before interest, was \$0.8M. This number was net of \$0.8M of cash outflows in respect of the proposed Scheme of Arrangement with Macquarie. Sales under the EDL gas sales agreement (GSA) commenced in June with first cash inflows under this contract due in July. The quarterly cash flow does therefore not include the impact of this new GSA.

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

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

Gas Sales Agreements and Accounting Matters

As announced on 26 April 2017 Central entered into a Gas Sales agreement "GSA" with EDL NGD (NT) Pty Ltd ("EDL") with gas deliveries commencing 1 June 2017.

In May 2016 Central announced it had entered into a 5.2PJ pre-paid gas sales agreement "GSPA" with Macquarie Bank Limited "MBL", repayment of which will commence following commissioning of the Northern Gas Pipeline anticipated in late 2018. Under the GSPA, MBL has a quarterly option to take a financial settlement in lieu of taking the physical delivery of the gas. The amount payable by Central, should MBL opt for a financial settlement, is dependent on the actual price received under any new GSA's supplied from the agreed production areas. Where there are no new GSA's or the quantity delivered under new GSA's is less than the GSPA volumes, a floor financial settlement amount would be payable.

The economic consequences of the EDL GSPA was disclosed in the First Supplementary Scheme Booklet. As a consequence, Central is required under AASB 139 to adjust the carrying amount of the financial liability in line with the sales price negotiated under the EDL contract, net of any additional gas transportation costs. As the price paid by EDL under the GSA, net of transportation costs, exceeds the floor financial settlement price, the impact of the adjustment will be an expense to current year profit and loss of \$9.49 million which reflects the total increase in potential financial liability over the life of the GSPA.

It is important to note that the expense to be recorded for the 2016/17 financial year is a non-cash accounting adjustment. Additionally, this accounting treatment will record a liability reflecting the full expected amount to be paid out should MBL opt for a financial settlement in lieu of taking physical delivery of gas which would appear to be the conservative accounting treatment.

It is also important to note that Accounting Standards do not allow Central to recognise any future assets associated with the revenue expected to be received under the EDL contract which triggers the increase in value of the GSPA financial liability. In this regard, Central's future accounting periods' profit and loss figures will include recognition of revenue under the EDL contract not currently recognised as an asset in the accounts for the 2016/17 financial year. In addition, where MBL elect for physical delivery of gas under the GSPA, the recorded financial liability will unwind resulting in an increase in accounting revenue for that period.

Issued Securities of the Company

At 30 June 2017 the Company had 433,197,647 ordinary shares on issue, 24,068,958 share rights expiring on various dates and 58,560,435 unlisted options exercisable at various prices and with various expiry dates. Of the 58,560,435 unlisted options, 28,560,435 unlisted options will expire on 15 November 2017 unless exercised beforehand and at exercise prices of above \$0.40.

During the quarter, a total of 15,402 share rights previously granted to employees were cancelled and a total of 5,243,342 unlisted options were cancelled.

Richard Cottee



Managing Director
27 July 2017

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.

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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")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,047	27,629
1.2 Payments for		
(a) exploration & evaluation	(162)	(1,691)
(b) development	-	-
(c) production	(3,198)	(13,934)
(d) staff costs	(1,256)	(5,169)
(e) administration and corporate costs (net of recoveries)	(644)	(1,114)
1.3 Dividends received (see note 3)		
1.4 Interest received	36	166
1.5 Interest and other costs of finance paid	(1,548)	(6,348)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	634
1.8 Lease incentive payments received	-	193
Other	5	33
1.9 Net cash from / (used in) operating activities	(720)	399

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(218)	(1,298)
	(b) tenements (see item 10)	–	–
	(c) investments	–	–
	(d) other non-current assets – Security Bonds	(215)	(485)
	(e) Final balancing payment for interest in Mereenie oil and gas assets	–	(3,342)
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	19	19
	(b) tenements and applications (see item 10 for tenements)	–	80
	(c) investments	–	–
	(d) other non-current assets – redemption of security bonds	–	174
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)	–	(552)
2.6	Net cash from / (used in) investing activities	(414)	(5,404)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	–	–
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	–	–
3.5	Proceeds from borrowings	–	–
3.6	Repayment of borrowings	(1,153)	(4,633)
3.7	Transaction costs related to loans and borrowings	–	–
3.8	Dividends paid	–	–
3.9	Other (provide details if material)	–	–
3.10	Net cash from / (used in) financing activities	(1,153)	(4,633)

Mining exploration entity and oil and gas exploration entity quarterly report

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,765	15,116
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(720)	399
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(414)	(5,404)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,153)	(4,633)
4.5	Effect of movement in exchange rates on cash held	–	–
4.6	Cash and cash equivalents at end of period	5,478	5,478

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances ¹	5,477	7,764
5.2	Call deposits	–	–
5.3	Bank overdrafts	–	–
5.4	Other (Cash on hand)	1	1
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,478	7,765

¹ Includes share of Joint Venture bank accounts, and cash held with Macquarie Bank Limited (Current Quarter \$1,421,848; Previous Quarter \$4,291,568) to be used for allowable purposes under the Facility Agreement.

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	222
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		

7. Payments to related entities of the entity and their associates	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. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end ² \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	82,809	82,809
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).

² Amortised remaining Facility limit. Original facility limit was \$90 million.

9. Estimated cash outflows for next quarter³	\$A'000
9.1 Exploration and evaluation	(290)
9.2 Development	–
9.3 Production	(3,275)
9.4 Staff costs (net of recoveries)	(996)
9.5 Administration and corporate costs (net of recoveries)	(742)
9.6 Other	
- Payments for property, plant & equipment	(566)
- Interest and debt repayments	(2,503)
9.7 Total estimated cash outflows	(8,372)

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

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	EPA 111* EPA 124*	Petroleum Application area, NT Petroleum application area, NT	100 100	50 50
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

*Santos farm-in area

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: ..27 July 2017.....

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.