

## **OPERATING ACTIVITIES REPORT AND ASX APPENDIX 5B**

### **For the Quarter Ended 31 March 2019**

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**Figure 1: Aerial photo showing new equipment installed as part of the Mereenie Facility Upgrade**

### **HIGHLIGHTS**

- The Dukas-1 exploration well progressed during the quarter, with spudding on 16 April 2019 and total depth anticipated by mid-CY2019.
- The Mereenie field successfully operated at significantly elevated production levels following a facility upgrade, enabling the Company to meet all firm sales obligations.
- Total sales volume over the quarter was 3.7 PJE, a 190% increase over the March 2018 quarter.
- Net cash flow from operations, after exploration, interest and unallocated G&A, was \$8.5 million (including CY2018 take-or-pay receipt of \$5.1 million) with a cash balance at the end of the quarter of \$19.3 million (up from \$10.9 million at 31 December 2018).

## CHIEF EXECUTIVE OFFICER'S REPORT TO SHAREHOLDERS FOR THE QUARTER

Central Petroleum Limited ("Company" or "Central") achieved a significant inflection point in its history this quarter when it sold gas for the first time into the east coast market via the Northern Gas Pipeline ("NGP") on 3 January 2019. The origins of this major milestone date back to 2014 when Central acquired its first gas reserves via its acquisition of the Palm Valley and Dingo gas fields and then again in 2015 when it acquired 50% of the Mereenie oil and gas field.

Over the past 2 years, the Company's focus has been on funding and delivering the largest project it has ever undertaken, the Gas Acceleration Programme ("GAP"). The GAP was implemented to maximise initial gas sales following connection to the east coast gas market. The Company successfully delivered this important project on time and the NGP is operational. The financial benefits of these past investments are now becoming visible and the Company is well positioned for a new and exciting phase of growth as a new supplier of gas in the east coast.

With our March 2019 quarterly cash flow results released, we now have an opportunity to demonstrate the financial opportunity available to the Company post-NGP. Daily gas sales volume over the quarter increased by 193% compared to FY2018 and, importantly, enabled us to meet all firm gas sales obligations. Total sales volume over the quarter was 3.7 PJE, reflecting a 190% increase over the March 2018 quarter. Benefitting from this increase in sales, the Company's net cash flow from operations, after exploration, interest and unallocated G&A, was \$8.5 million (\$3.4 million excluding a CY2018 take-or-pay receipt of \$5.1 million). This is the Company's largest ever reported quarterly net cash flow from operations. Cash at the end of the quarter increased from a starting balance of \$10.9 million, to \$19.3 million, inclusive of \$7.5 million of funding drawn under the Macquarie debt facility and after \$4.75 million in debt principal repayments.

Notwithstanding a solid gas sales performance during the quarter, Palm Valley field production was lower than anticipated, averaging 7.4 TJ/d, primarily limited by existing well performance and attempts to restart the PV1 well being unsuccessful. Whilst this is below initial forecasts for the field, we anticipate a material increase in production when the Palm Valley 13 well ("PV13") comes online. The PV13 well is on schedule to start producing in May which is expected to bring total field production significantly closer to the plant capacity of 15 TJ/d.

The Mereenie facility successfully operated at significantly higher rates following NGP commercial operations. After the initial commissioning period, the equipment installed during the recent facility upgrade has been operating reliably with high up-time. Gas production averaged 41.5 TJ/d (100% JV) over the quarter. The newly integrated export pipeline network (i.e. connection of the Amadeus Gas Pipeline to the NGP) was tested and optimised by the pipeline operators over the first two months of the quarter. These optimisation activities appear to have been successful, with the Mereenie field delivering an average of 45.9 TJ/d (100% JV) over March, and higher average daily deliveries so far in April.

Central's gas sales from Mereenie essentially offset lower production from Palm Valley, allowing the Company to meet all firm sales obligations despite average daily production at Mereenie being below Central's firm target of 44 TJ/d (100% JV). This was achieved through overlifting (i.e. selling more than Central's 50% share of production from Mereenie). Central's overlifting from the Mereenie field during the quarter was 562 TJ, resulting in a total overlift imbalance by Central of 4.4PJs at quarter end. Overlifting from the Mereenie field is expected to decrease going forward following higher production rates from Mereenie, more balanced sales volumes between JV partners and new production from the PV13 well anticipated to commence in May. Central continues to work with pipeline owners to optimise pipeline capacity to facilitate increased production from Mereenie.

Whilst the free cash flow generated this quarter (as well as that generated over the balance of CY2019) will primarily be applied to the reduction of debt, the Company has two of its most significant exploration activities currently underway, both on a free-carry basis:

- Located approximately 175km south west of Alice Springs, the Dukas-1 well is an incredibly exciting active exploration opportunity for the Company. All permits and approvals were awarded with pad construction undertaken during the quarter and the well spudded on 16 April 2019. The well is anticipated to reach total depth by mid-CY2019. The Dukas gas prospect is a large structure that could have multi-TCF potential (30% net to Central) that, in a success case, would be company changing. In addition, several other large 'lookalike' sub-salt closures have been identified from interpretation of seismic acquired in the Southern Amadeus basin between 2016 and 2018. As such, Dukas-1 has the potential to unlock a significant new hydrocarbon province in the Southern Amadeus Basin and become a major new source of gas for the east coast market. Santos is carrying 100% of the cost of this well as part of the final phase of the farm-out in which they will earn a 70% interest in EP112.
- Our second exciting exploration activity currently underway is the Range Gas Project - ATP 2031. The exploration program is progressing well, with the drilling of 5 wells anticipated to commence in Q2 CY2019. This is only 10 months since the granting of the permit. The ATP is comprised of 77km<sup>2</sup> of CSG acreage situated in the eastern Surat Basin. Incitec Pivot Queensland Gas Pty Ltd (a wholly owned subsidiary of Incitec Pivot Limited) ("Incitec") is in a 50:50 joint venture with the Company and, under the arrangement in place, Incitec will free carry the Company by contributing up to \$20 million of the exploration programme costs for the initial exploration period.

The Company has maintained its focus of providing a safe working environment for all its staff and contractors as significant projects were closed out and operations scaled up during the quarter. Pleasingly, safety performance was solid with no LTIs recorded despite significantly increased operating activity.

During the quarter, the Company appointed me as CEO and MD (previously Acting CEO) and announced Duncan Lockhart as GM Exploration. Recruiting for the CFO position is well advanced.

The Company has made significant progress toward a potential refinancing later this year by shortlisting three potential senior lenders. We expect to select a preferred senior bank in Q2 CY2019 so that full bank due diligence can be undertaken, and funding terms finalised.

The Company remains committed to executing its strategy to create value for all shareholders, whilst recognising the importance of all stakeholders including the traditional owners, employees, customers and the communities in which we operate.

With the NGP connection to the east coast gas market, we can focus on maximising the value of our existing production assets, increasing gas reserves, and delivering on new growth opportunities for the Company. As this quarterly cash flow report clearly shows, we have embarked on a very exciting phase for the Company. A webinar will be scheduled in mid-May (day/time to be announced) to review these results in more detail and update the market on other key activities.

**Leon Devaney**  
**Chief Executive Officer and MD**



## REVIEW OF OPERATIONS AND OTHER JOINT VENTURE ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2019 (“THE QUARTER”)

### HSE

No LTIs were recorded during the quarter. The TRCFR (Total Recordable Case Frequency Rate) at the end of the quarter was 8.2 due to a Medical Treatment Injury occurring during the quarter. The Company continues to focus on improving its safety performance. One recordable environmental incident occurred due to a construction water supplier not having the correct licencing. There was no associated environmental harm. A number of key environmental approvals were obtained during the quarter including the refreshed Field Environmental Management Plan (EMP) for Palm Valley, and the Construction EMP for the tie-in of PV13. As an outcome from the Pepper Fracking Inquiry, the principal accountability for regulating environmental matters has moved to the Department of Environment and Natural Resources within the Northern Territory (NT) Government. The Company continues to work closely with the NT Government as regulations change and evolve. In particular, the Company is working with the NT Government to finalise details of the environmental bonds to be put in place to cover Company assets in the NT.

### EXPLORATION ACTIVITIES:

#### Southern Amadeus Basin Joint Venture and Stage 3 Farm out – Northern Territory (CTP – interests below, Santos (and Operator) – interests below)

Central announced a Southern Amadeus farm-out with Santos targeting significant unconventional gas exploration in 2012. Since that time, the JV has completed 2 decision point stages of that exploration programme, including over 3,300 km of seismic and other geological studies. On 31 October 2018, Santos confirmed their intent to enter the final phase 3 of the EP112 farm-out consisting of one exploration well.

The Dukas-1 well has been selected for drilling by the Joint Venture for the EP112 3<sup>rd</sup> (and final) farm-out completion phase. Santos is carrying 100% of the cost of this well and will earn a 70% interest in EP112 as a result. Dukas-1 will test a large regional high optimally located to receive charge from an interpreted Neoproterozoic depocenter. The primary reservoir objective is the Heavitree Quartzite/fractured basement, a petroleum system which has been proven to be hydrocarbon bearing at Mt. Kitty-1.

Dukas-1 is located approximately 175km south west of Alice Springs (Figure 2) and is targeting a multi-TCF gas potential (30% net to Central).

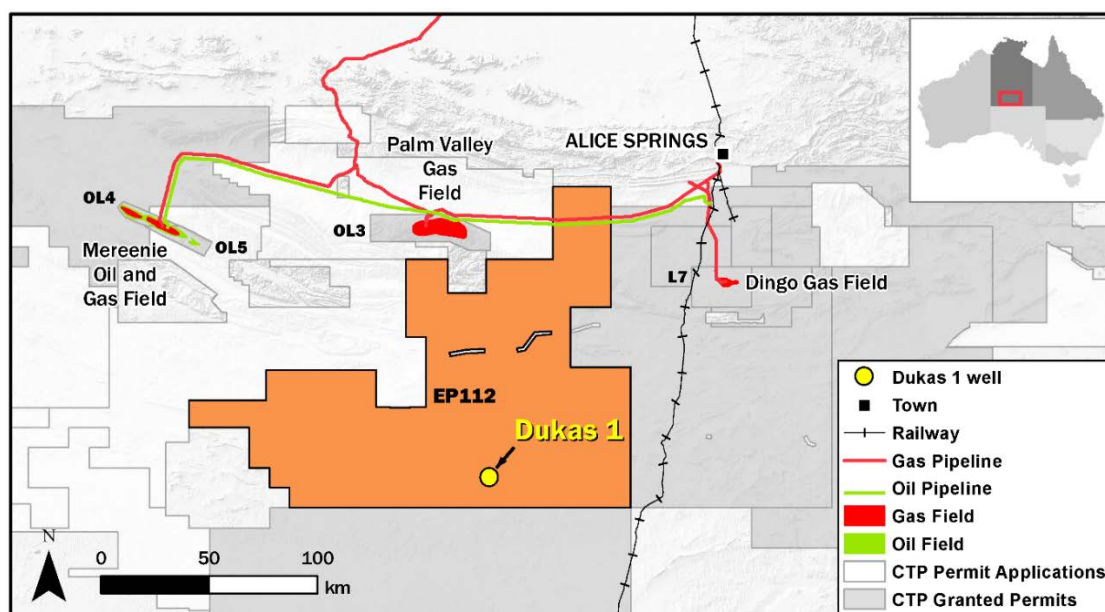


Figure 2: Location map of Dukas-1 and EP112

The Dukas gas prospect is a large structure and, given the potential size, success at Dukas would be company changing. In addition, several other large ‘lookalike’ sub-salt closures have been identified from interpretation of seismic acquired in the Southern Amadeus basin between 2016 and 2018. As such, success at Dukas-1 has the potential to unlock a significant new hydrocarbon province in the Southern Amadeus Basin and become a major new source of gas for the east coast market.

All permits and approvals were awarded with pad construction undertaken during the quarter with the well spudded on 16 April 2019. The well is anticipated to reach total depth by mid-CY2019, followed by a 90-day flow test in a success case.

In addition to the sub-salt prospects, Central continues to monitor data in these permits, seeking to identify a variety of other exploration play types and targets which could be prospective for hydrocarbons and/or helium.

| Southern Amadeus Area                 | Total Santos Participating Interest after completion of Stage 3 |
|---------------------------------------|---|
| EP 82 (excluding EP 82 Sub-Blocks) ** | 40%   |
| EP 105 **                             | 40%   |
| EP 106 * & **                         | 40%   |
| EP 112                                | 70%   |
| EP 125 **                             | 70%   |
| EP 115 (North Mereenie Block) **      | 40%   |

\* 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.

\*\* Farmin process for this area has concluded.

### **Project Range ATP 2031 (CTP - 50% interest, Incitec Pivot Queensland Gas Pty Ltd - 50% interest)**

The Company’s wholly-owned subsidiary Central Petroleum Eastern Pty Ltd was formally granted the Authority to Prospect (“ATP”) 2031 on 28 August 2018 for a term of 12 years. The exploration and appraisal program is being undertaken through a 50:50 joint venture arrangement with Incitec. Under the arrangement in place, Incitec will free carry the Company by contributing up to \$20 million of the exploration programme costs for the initial exploration period.

The parties have commenced works and the process of contracting drilling services for a 5 well exploration programme. Drilling activity is planned to commence in the June 2019 quarter, circa 10 months after the ATP grant. There is potential to include another 4 well pilot project depending on technical results from the current programme. Gas production from this permit is to be dedicated to the east coast domestic gas market.

The block is situated in the Surat Basin, a geological province that has been developed extensively over the last decade. No coal seam gas wells are currently located on the permit area, but there are a number of coal seam gas wells in adjacent blocks. The permit area covers 77km<sup>2</sup> and is located approximately 28km North-West of the town of Miles which is estimated to be half way between the Wooleebee Creek and Bellevue coal seam gas developments.

**Ooraminna Field (RL3 and RL4) – Northern Territory****(CTP - 100% interest)**

Central applied for a one-year suspension of the permit obligations which included the drilling of the Ooraminna 3, which was granted in April. The approval allows the suspension of the Year 1 permit commitments for 12 months to March 2020 for RL3 and RL4. As a result, the target date for the drilling of Ooraminna-3 is now March 2020. Central has commenced preparation of the Environmental Management Plan in line with the new guidelines from the Northern Territory Department of Environment and Natural Resources.

**Amadeus Basin (excludes EP 115 North Mereenie Block) – Northern Territory****(CTP and other interests – see “INTERESTS IN PETROLEUM PERMITS AND LICENCES TABLE” below).**

Central began initial planning for the Year 3 permit commitment of 500km of seismic acquisition in EP115 during the quarter. The final layout has yet to be agreed on, however, the targets will include leads at the Ordovician (Stairway and Pacoota Sandstone), Arumbera, Pioneer, Areyonga and Heavitree/basement horizons. The outcome of the Dukas-1 well (which spudded in April) will have a major influence on the location of the upcoming seismic program which is due to be acquired before December 2019. Therefore, an application for permit suspension is under consideration to facilitate a more informed seismic program whilst still meeting schedules necessary to keep the permit in good standing.

The Company continues to monitor data in these permits, seeking to identify a variety of exploration play types and targets which could be prospective for hydrocarbons and/or helium.

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

Central received approval for Project Status and applied to renew the permits with the Queensland Department of Natural Resources, Mines and Energy during the quarter. Central is currently conducting Year 1 permit obligations of geology and geophysical studies and awaiting the decision of the renewal applications.

**Other Exploration and Application Areas****(CTP and other interests – see “INTERESTS IN PETROLEUM PERMITS AND LICENCES TABLE” below).**

Central continues to progress these exploration permits, targeting a variety of exploration play types and targets which could be prospective for hydrocarbons and/or helium. Central Land Council and native title negotiations are ongoing in the application areas.

**DEVELOPMENT / PRODUCTION ACTIVITIES:****Mereenie Oil and Gas Field (OL4 and OL5) – Northern Territory****(CTP - 50% interest (and Operator), Macquarie Mereenie Pty Ltd - 50% interest).**

The Mereenie facility successfully operated at significantly higher rates since NGP commercial operations commenced on 3 January 2019. After the initial commissioning period, the equipment installed during the recent facility upgrade has been operating reliably with high up-time.

Gas production averaged 41.5 TJ/d (100% JV) over the quarter. The newly integrated export pipeline network was tested and optimised by the pipeline operators over the first two months of the quarter. These optimisation activities appear to have been successful, with the field delivering an average of 45.9 TJ/d (100% JV) over March, and higher average daily deliveries so far in April.

Minor punch list items associated with the upgrade continue to be completed progressively in a cost-effective manner. In addition, the Company is now reviewing optimisation opportunities in the field and in the plant to further improve production and efficiency. This includes studies to increase wellhead

capacity through targeted reperforations, to modernise the power generation facilities and to reduce flaring.

## **Palm Valley (OL3) - Northern Territory**

*(CTP - 100% interest)*

### **Palm Valley Stairway and Pacoota**

Palm Valley field production was lower than anticipated, averaging 7.4 TJ/d, limited by performance of the existing wells. The field currently supplies gas from three wells, Palm Valley 2, 6 and 7 which are producing below initial forecasts and are exhibiting natural decline. Attempts to restart a fourth well, Palm Valley 1, were unsuccessful due to suspected downhole restrictions from sand. The viability of a cleanout or recompletion of this well is now being considered.

Construction of the PV13 tie-in made good progress during the quarter. The engineering design was finalised, and all approvals were secured. The pipe and other materials were delivered to site. Temporary camp facilities were installed, and the principal contractor mobilised to site during March, with welding and stringing underway during April. PV13 is on schedule to commence production in May which is expected to bring total field production significantly closer to the plant capacity of 15 TJ/d.

Once online, the performance of PV13 will provide further insights into the Palm Valley reservoir. A review of further Palm Valley development opportunities has been kicked off in anticipation of incorporating this data.

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

*(CTP - 100% interest)*

The Dingo Gas Field supplies the Owen Springs Power Station, which is gradually increasing its gas consumption as the power station progressively ramps-up. As a result, average gas production over the quarter increased to 3.1 TJ/d, with the remaining daily contracted volume of 1.3 TJ/d subject to take-or-pay provisions paid following each calendar year in January.

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

*(CTP - 100% interest)*

The field remained shut-in. An options review was completed during the quarter which determined that further investigation into the subsurface potential is required before any restart decision can be made.

## **SALES – CENTRAL PETROLEUM EQUITY ADJUSTED SHARE**

### **Sales Volumes**

| Product              | Unit | Q3 2018/19 | Q3 2017/18 | YTD 2018/19 | YTD 2017/18 |
|----------------------|------|------------|------------|-------------|-------------|
| Gas                  | TJ   | 3,497      | 1,108      | 6,418       | 3,653       |
| Crude and Condensate | bbls | 26,884     | 25,986     | 70,612      | 79,985      |

### **Sales Revenue**

| Product                   | Unit   | Q3 2018/19 | Q3 2017/18 | YTD 2018/19 | YTD 2017/18 |
|---------------------------|--------|------------|------------|-------------|-------------|
| Gas, Crude and Condensate | \$'000 | 18,780     | 8,235      | 38,802      | 25,908      |

## INTERESTS IN PETROLEUM PERMITS AND LICENCES AT 31 MARCH 2019

### 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 QNT Pty Ltd ("Santos")                     | 40                      |
| EP 82 Sub-Blocks                            | Amadeus Basin NT         | Central  | 100                     | 100                     |   |                         |
| EP 93 <sup>4</sup>                          | Pedirka Basin NT         | Central  | 100                     | 0                       |   |                         |
| EP 97 <sup>4</sup>                          | 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 <sup>4</sup>                         | Amadeus/Pedirka Basin NT | Central  | 100                     | 0                       |   |                         |
| EP 112 <sup>1</sup>                         | Amadeus Basin NT         | Santos   | 60                      | 30                      | Santos  | 70                      |
| EP 115 (excl. EP 115 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)                             | Amadeus Basin NT         | Central  | 50                      | 50                      | Macquarie Mereenie Pty Ltd ("Macquarie Mereenie") | 50                      |
| OL 5 (Mereenie)                             | Amadeus Basin NT         | Central  | 50                      | 50                      | Macquarie Mereenie                                | 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                                     | Georgina Basin QLD       | Central  | 100                     | 100                     |   |                         |
| ATP 911                                     | Georgina Basin QLD       | Central  | 100                     | 100                     |   |                         |
| ATP 912                                     | Georgina Basin QLD       | Central  | 100                     | 100                     |   |                         |
| ATP 2031 <sup>6</sup>                       | Surat Basin QLD          | Central  | 50                      | 50                      | Incitec Pivot Queensland Gas Pty Ltd              | 50                      |

### 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;5</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 <sup>4</sup>       | Pedirka Basin NT  | Central  | 100                     | 0                       |                       |                         |
| 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>5</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 Mereenie    | 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 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.
- 3 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.
- 4 These exploration permits and exploration permit applications and have been disposed, with transfers for the granted exploration permits undergoing the process of registration with the NT Department of Primary Industry and Resources.
- 5 On 22 March 2018 (in respect EPA 124) and on 23 March 2018 (in respect of EPA 152) Central received notice from the NT Department of Primary Industry and Resources that EPA 124 and EPA 152, as applicable, had been placed in moratorium for a period of 5 years from 6 December 2017 until 6 December 2022.
- 6 As per Central's announcement dated 29 August 2018, Central was granted ATP 2031. As per Central's announcement dated 25 June 2018 ATP 2031 is subject to a 50:50 joint venture with Incitec Pivot.

## CORPORATE

### Cash Position

Central and the entities it controlled during the quarter (collectively "the Group") began the quarter with \$10.9 million in cash and at the end of the quarter held \$19.3 million. 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 \$8.5 million, inclusive of \$5.1 million of annual take or pay contract receipts, and after payment of \$1.3 million of exploration costs and \$1.6 million of interest payments.

Receipts from customers for the quarter, excluding take or pay receipts, were \$16.6 million. This compares to \$8.3 million in the December 2018 quarter. The increase reflects firm and non-firm sales to east coast customers following commencement of the NGP on 3 January 2019. Receipts for the quarter reflected only two months of post NGP gas revenue, as cash is realised the month following delivery. In addition, Central's delivery of 413 TJs under the 2016 pre-sale agreement during the quarter is not reflected in these cash flow receipts.

Sales volume for the quarter was 3.7 PJE, representing an increase of 190% over the March 2018 quarter. Cash production costs for the March quarter increased 55% from the December 2018 quarter reflecting the increase in production volumes. Included in cash production costs were the cost of gas purchased and on-sold, higher royalty payments associated with increased sales and additional gas transportation costs associated with the December 2018 commissioning gas deliveries to the NGP owner.

Cash expenditure on capital projects (non-exploration) amounted to \$2.9 million and included \$1.4 million on facilities expansions at Mereenie and \$0.4 million on Palm Valley upgrades.

During the quarter \$7.5 million in additional borrowings were drawn down under the Macquarie facility to fund completion of the GAP. Interest charges amounting to \$1.6 million relating to the Macquarie debt facility were paid during the quarter. Principal repayments under debt facilities amounting to \$4.75 million were repaid during the quarter, comprising \$2.25 million in respect of the Macquarie facilities and \$2.5 million in respect of the Incitec gas prepayment facility. The total outstanding debt at quarter end was \$89.6 million, consisting of \$87.1 million under the Macquarie facilities and \$2.5 million under the IPL pre-sale. In addition, as mentioned previously, the company delivered 413 TJs of gas under the 2016 pre-sale.

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

## Issued Securities of the Company

At 31 March 2019 the Company had 711,029,976 ordinary shares on issue, 22,005,031 share rights expiring on various dates and 52,500,000 unlisted options exercisable at various prices on various dates.

During the quarter, 1,038,000 ordinary shares were issued as a consequence of share rights exercised by employees in accordance with the Company's Employee Rights Plan and a total of 5,038,893 share rights previously granted to employees were cancelled. In addition, 16,875,000 unlisted options were granted.

**Leon Devaney**



**Chief Executive Officer and MD**

**30 April 2019**

### **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 2019

| Consolidated statement of cash flows                       | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>             |                            |                                       |
| 1.1 Receipts from customers                                |                            |                                       |
| - Product receipts   | 16,603                     | 34,625                                |
| - Take or pay receipts                                     | 5,090                      | 5,090                                 |
| 1.2 Payments for   |                            |                                       |
| (a) exploration & evaluation                               | (1,305)                    | (17,240)                              |
| (b) development  | —                          | —                                     |
| (c) production and gas purchases                           | (8,327)                    | (19,638)                              |
| (d) staff costs  | (1,556)                    | (3,401)                               |
| (e) administration and corporate costs (net of recoveries) | (435)                      | (962)                                 |
| 1.3 Dividends received (see note 3)                        | —                          | —                                     |
| 1.4 Interest received                                      | 71                         | 283                                   |
| 1.5 Interest and other costs of finance paid               | (1,622)                    | (4,739)                               |
| 1.6 Income taxes paid                                      | —                          | —                                     |
| 1.7 Research and development refunds                       | —                          | —                                     |
| 1.8 Other  | 2                          | 24                                    |
| <b>1.9 Net cash from / (used in) operating activities</b>  | <b>8,521</b>               | <b>(5,958)</b>                        |

|            |  |                |                 |
|------------|--|----------------|-----------------|
| <b>2.</b>  | <b>Cash flows from investing activities</b>  |                |                 |
| 2.1        | Payments to acquire:   |                |                 |
|            | (a) property, plant and equipment  | (2,900)        | (14,847)        |
|            | (b) tenements (see item 10)  | —              | —               |
|            | (c) investments  | —              | —               |
|            | (d) other non-current assets – Security Bonds                                      | (60)           | (248)           |
| 2.2        | Proceeds from the disposal of:   |                |                 |
|            | (a) property, plant and equipment  | —              | —               |
|            | (b) tenements and applications (see item 10 for tenements)                         | —              | —               |
|            | (c) investments  | —              | —               |
|            | (d) other non-current assets – redemption of security bonds                        | 3              | 2,336           |
| 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>(2,957)</b> | <b>(12,759)</b> |

|             |   |              |               |
|-------------|---|--------------|---------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>                                 |              |               |
| 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  | 7,500        | 17,500        |
| 3.6         | Repayment of borrowings   | (4,750)      | (6,750)       |
| 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>2,750</b> | <b>10,750</b> |

|            |  |               |               |
|------------|--|---------------|---------------|
| <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                             | 10,942        | 27,223        |
| 4.2        | Net cash from / (used in) operating activities (item 1.9 above)              | 8,521         | (5,958)       |
| 4.3        | Net cash from / (used in) investing activities (item 2.6 above)              | (2,957)       | (12,759)      |
| 4.4        | Net cash from / (used in) financing activities (item 3.10 above)             | 2,750         | 10,750        |
| 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>19,256</b> | <b>19,256</b> |

|            |   |                                    |                                     |
|------------|---|------------------------------------|-------------------------------------|
| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
| 5.1        | Bank balances <sup>1</sup>  | 19,255                             | 10,941                              |
| 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>19,256</b>                      | <b>10,942</b>                       |

<sup>1</sup> Includes share of Joint Venture bank accounts, and cash held with Macquarie Bank Limited (Current Quarter \$5,033,514; 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<br/>\$A'000</b> |
| 6.1  | Aggregate amount of payments to these parties included in item 1.2                                   | 376                                |
| 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<br>\$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<br><i>Add notes as necessary for an understanding of the position</i>  | Total facility amount<br>at quarter end <sup>2</sup><br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|---|---|
| 8.1 Loan facilities  | 87,059  | 87,059                                    |
| 8.2 Credit standby arrangements  | –   | –   |
| 8.3 Other (please specify)   | 2,500   | 2,500                                     |
| 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. |   |   |

8.1 - 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 7.37% (floating interest rate).

An additional \$7.5M was drawn in the current quarter (Facility "E"). Repayments under this facility are payable over a maximum period of 9 months commencing 30 April 2019.

8.3 – Represents Incitec Pivot Limited ("IPL") Gas Prepayment Facility to be repaid via two remaining instalments offset against monthly gas sales invoices issued under the IPL GSA. Interest accrues at 7%.

<sup>2</sup> Amortised remaining Facility limit.

| 9. Estimated cash outflows for next quarter <sup>3</sup>   | \$A'000         |
|--|-----------------|
| 9.1 Exploration and evaluation                             | (1,468)         |
| 9.2 Development  | –               |
| 9.3 Production and gas purchases                           | (8,627)         |
| 9.4 Staff costs (net of recoveries)                        | (447)           |
| 9.5 Administration and corporate costs (net of recoveries) | (906)           |
| 9.6 Other  |                 |
| - Payments for property, plant & equipment                 | (3,490)         |
| - Interest and debt repayments                             | (8,964)         |
| <b>9.7 Total estimated cash outflows</b>                   | <b>(23,902)</b> |

<sup>3</sup> Outflows only, does not reflect proceeds from product sales.

| 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           |                                 |                    |                                  |                            |

### 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 2019.....

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.