



**Central Petroleum Limited**

ABN 72 083 254 308

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

### **For the Quarter ended 31 March 2017**



*Figure 1: Ellery Creek big hole, transformed by recent rains.*

### **HIGHLIGHTS**

- On 10 March 2017, the Board of Directors of Central announced it has unanimously recommended an improved proposal from Macquarie MPVD Pty Limited ("Macquarie MPVD"), a subsidiary of Macquarie Group, to acquire 100% of the issued capital of Central by way of a Scheme of Arrangement in accordance with the Central Scheme Deed released to the market. The revised proposal is to offer for each Central share a cash consideration of 20 cents plus a Contingent Value Note ("CVN"), the value of which will be determined by the success of exploration in certain defined assets.
- Total GLNG Australia, Central's joint venture partner in the Southern Georgina Basin, advised that following a review of its onshore exploration programme it elected not to proceed with the Stage 2 Farmin into Central's Queensland permits. As a result, Central retains 100% interest in the acreage.
- Effective 1 January 2017 Macquarie Mereenie Pty Ltd, a subsidiary of Macquarie, acquired 50% of the Mereenie Oil and Gas Field and became a joint venture partner with Central. Central remains Operator.
- 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.
- Central provided a submission to, and Richard Cottey testified before, The Justice Pepper, "Scientific Inquiry into Hydraulic Fracturing in the Northern Territory". <http://www.abc.net.au/news/2017-03-06/nt-fracking-inquiry-hearings-begin/8329736>
- Cash balance at the end of the quarter was \$7.8 million.

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

This quarter was an eventful one for the Company with the winds of change blowing. Following an extended negotiation, Macquarie proposed an improved cash offer to Central Shareholders and Conditional Value Notes (CVN) which provided a mechanism to reward shareholders subject to the success of our exploration programme. The Board has unanimously recommended the Macquarie Scheme of Arrangement ("SoA") with the Scheme Booklet expected to receive all regulatory approvals by the end of this month. The Scheme Booklet (including the Independent Expert's Report) is planned to be circulated next week enabling shareholders the choice of accepting or rejecting the SoA at the Scheme meeting to be held in early June 2017.

From 1 January 2017 Macquarie acquired Santos' 50% interest in Mereenie for \$52 million in a contested bid. All conditions precedents have now been satisfied.

As a result of the drop in oil prices since 2014, Total elected not to proceed with Stage 2 of the SGJV which means that the acreage reverts 100% to Central; Central is relieved of a contractual \$2 million that was to be spent; but had to refund \$550,000 being Total's share of the bonds lodged with respect to the relevant ATPs.

The Company has made an oral submission to the NT's Scientific Inquiry into Hydraulic Fracking (sic) of unconventional shale gas at a hearing in Alice Springs on 6 April 2017. It will be lodging its written submissions by the end of this month.

After the adoption by COAG on 14 December last year, an Implementation Options Paper was circulated by the Gas Market Reform Group ("GMRG") for industry feedback and comment. Notwithstanding "the urgent need for new gas supplies and gas suppliers", the Options Paper proposed excluding the Northern Territory from becoming a potential new supply of gas for the east coast market. It also proposed excluding the region surrounding Mt Isa from being such a source. The proposal specifically excludes "Scheme Pipelines", which are pipelines covered by the current regulations (either light or full regulation) even though it is precisely this existing regulation that limits competitive pricing. The Mt Isa to Ballera pipeline ("Carpentaria Gas Pipeline" or "CGP") is covered under light regulation and the Alice Springs to Darwin pipeline (the "Amadeus Gas Pipeline" or "AGP") is covered under full regulation. The Carpentaria Gas Pipeline commenced operations in 1999 (and will be nearly 20 years old when the Northern Gas Pipeline (the "NGP") is commissioned) and the Amadeus Gas Pipeline commenced operations in 1987 (some 30 years ago). **The current tariffs for backhaul from Alice Springs to Moomba on the existing pipelines (excluding the NGP) - the relevant hub to address the domestic (as opposed to export) gas shortage – is roughly equivalent to the proposed tariff for a new Alice Springs to Moomba pipeline option as quoted to Central during the COAG Energy Council endorsed NEGI (North East Gas Interconnect) tender.** The Company has responded with its submission dated 13 April 2017.

As a result of the GMRG's decision to preserve the barriers to entry for appropriately priced gas from Northern Australia to the "city" gates, the Company has shifted its strong focus from helping with the Australian natural gas shortage to concentrating on the local Northern Territory markets. The company was pleased to announce success in this shift in focus with the signing of a Gas Sales Agreement with EDL for the sales of 9.85 PJ in the Northern Territory. If and when the GMRG shifts its focus from the defence of its historical position (which in our view exacerbated the shortfall by muting the economic signals for new gas) towards in part tying to ensure appropriately priced gas to Australian industry at the city gate, the Company will respond accordingly.

The company's cash condition remains stable notwithstanding the unbudgeted imposts of the Macquarie SoA, high oil inventories at Pt Bonython and continuing chronically low offtake of gas from Dingo possibly caused by the upgrade continuing at the Owens Springs Power Station. The Company finished the quarter with a cash balance of \$7.8 million. Since the beginning of the fiscal year the company has paid \$3.3 million to Santos on its final payment for Mereenie, \$553,000 to Total on its exit (replacing Total's bond on the As to P) and \$3 million in debt reduction.

The company is attempting to increase its revenue through extra gas sales in the NT as well as exploring the option of storing 3rd party gas in our fields pending the NGP becoming operational.

**Richard Cottee**  
Managing Director

## REVIEW OF OPERATIONS AND OTHER JOINT VENTURE ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 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)*

Total GLNG Australia, Central’s joint venture partner in the Southern Georgina Basin, advised that following a review of its onshore exploration programme it elected not to proceed with the Stage 2 Farm-in into Central’s Queensland permits. As a result, Central retains 100% interest in the acreage.

#### Santos Stage 2 Farmout – Southern Amadeus Basin, Northern

After the completion of detailed analysis of integrated seismic, gravity, and historic well data and selection of line locations, the completion of final Land Access and Compensation Agreement for the Amadeus 2D seismic survey, ministerial approval was obtained for seismic data acquisition which commenced in November 2016. At present a total of 932 km of seismic line data has been acquired – 72% of total 1300 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.

| 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 of two rounds, the first round of 2D seismic 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 focuses 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

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 grant of application areas and rationalisation of low prospectively 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:

- Annual pre-budget Technical Committee Meeting (TCM) and Operating Committee Meeting (OCM) with Macquarie was scheduled for May 2017.
- Northern Territory Worksafe inspections carried out March 22nd and 23rd, 2017
- NT Department of Primary Industry and Resources (NT DPIR) management site visit March 30th and 31st.
- 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:
- Modeling natural fractures in the Mereenie field, Petrophysical re-interpretation is currently being conducted to establish true effective porosity from logs, Special core analysis was recently completed on porosity and permeability relationships for Stairway and Pacoota P4. Contingent Resources have been identified in the Stairway Interburden and Pacoota P4 formations.
- West Mereenie 15 well continues to flow. This well has lowered nitrogen levels in the sales gas stream by about 1%.
- Central continued to recruit (in the Northern Territory) Northern Territorians and Traditional Owners.
- Process Flow Diagrams and Piping and Instrument Diagrams are complete ensuring that all operations are conducted in compliance with the appropriate State, Territory and Federal legislative requirements.

### Dingo and Brewer Estate - Northern Territory

*(CTP-100% interest)*

- Concept design for Dingo 2 Separator completed.

### Palm Valley - Northern Territory

*(CTP-100% interest)*

- Repairs to high pressure gas header completed.

## Health, Safety and the Environment

- Central achieved a safety milestone of 4 years Lost Time Injury (LTI) free, while increasing wells under our operatorship from 1 to 87.
- Central operated Dingo, Palm Valley and Mereenie fields without a recordable or reportable environmental incident.
- Central has initiated a comprehensive training program to up-skill current capabilities and competencies.



**Figures 2 & 3: BEFORE: ESS access road - exposed gas pipeline at the culvert caused by erosion.**



**Figure 3**



**Figures 4 & 5: AFTER:** Culvert has been removed. Road taken down to the creek level. Pipe has been reburied.



**Figure 5**

## Dingo Gas Field (L7) and Dingo Pipeline (PL30) – Northern Territory (CTP – 100% Interest)

### During the Quarter:

- Central continued to increase local content in the Northern Territory for Northern Territorians and Traditional Owners.

### Health, Safety and the Environment

- Central continues to operate Dingo without recordable or reportable LTI or environmental incidents.
- Central has initiated a comprehensive training program to up-skill current capabilities and competencies.



**Figure 6: Training of Alice Springs personnel.**



## **Palm Valley Gas Field (OL3) – Northern Territory**

**(CTP - 100% Interest)**

- Shut-down maintenance, statutory vessel inspections and PSV testing were carried out. No non-conformances identified.
- Including conducted repair of gas discharge manifold.
- Instrumentation engineering study conducted to determine scope of work to remotely operate field.
- Compressors are started on a monthly basis.

## **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.



**Figure 7: Simpson's Gap after recent rains.**

*(All photos © 2017 Central Petroleum Limited, courtesy of Alan Johnson, Safety Coordinator)*



## INTERESTS IN PETROLEUM PERMITS AND LICENCES AT 31 MARCH 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) <sup>1</sup> | Amadeus Basin NT         | Santos   | 60                      | 60                      | Santos                | 40                      |
| EP 82 Sub-Blocks                            | Amadeus Basin NT         | Central  | 100                     | 100                     |                       |                         |
| EP 93 <sup>7</sup>                          | Pedirka Basin NT         | Central  | 100                     | 100                     |                       |                         |
| EP 97 <sup>2</sup>                          | Pedirka Basin NT         | Central  | 100                     | 0                       |                       |                         |
| EP 105 <sup>1</sup>                         | Amadeus/Pedirka Basin NT | Santos   | 60                      | 60                      | Santos                | 40                      |
| EP 106 <sup>4</sup>                         | Amadeus Basin NT         | Santos   | 60                      | 60                      | Santos                | 40                      |
| EP 107 <sup>5</sup>                         | Amadeus/Pedirka Basin NT | Central  | 100                     | 0                       |                       |                         |
| EP 112 <sup>1</sup>                         | Amadeus Basin NT         | Santos   | 60                      | 60                      | Santos                | 40                      |
| EP 115 (excl. EP115 North Mereenie Block)   | Amadeus Basin NT         | Central  | 100                     | 100                     |                       |                         |
| EP 115 North Mereenie Block                 | Amadeus Basin NT         | Santos   | 60                      | 60                      | Santos                | 40                      |
| EP 125                                      | Amadeus Basin NT         | Santos   | 30                      | 30                      | Santos                | 70                      |
| OL 3 (Palm Valley)                          | Amadeus Basin NT         | Central  | 100                     | 100                     |                       |                         |
| OL 4 (Mereenie) <sup>6</sup>                | Amadeus Basin NT         | Central  | 50                      | 50                      | Macquarie             | 50                      |
| OL 5 (Mereenie) <sup>6</sup>                | Amadeus Basin NT         | Central  | 50                      | 50                      | Macquarie             | 50                      |
| L 6 (Surprise)                              | Amadeus Basin NT         | Central  | 100                     | 100                     |                       |                         |
| L 7 (Dingo)                                 | Amadeus Basin NT         | Central  | 100                     | 100                     |                       |                         |
| RL 3 (Ooraminna)                            | Amadeus Basin NT         | Central  | 100                     | 100                     |                       |                         |
| RL 4 (Ooraminna)                            | Amadeus Basin NT         | Central  | 100                     | 100                     |                       |                         |
| ATP 909 <sup>8</sup>                        | Georgina Basin QLD       | Central  | 90                      | 100                     |                       |                         |
| ATP 911 <sup>8</sup>                        | Georgina Basin QLD       | Central  | 90                      | 100                     |                       |                         |
| ATP 912 <sup>8</sup>                        | 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 <sup>3</sup> | Amadeus Basin NT  | Central  | 100                     | 100                     |                       |                         |
| EPA 120              | Amadeus Basin NT  | Central  | 100                     | 100                     |                       |                         |
| EPA 124 <sup>3</sup> | Amadeus Basin NT  | Central  | 100                     | 100                     |                       |                         |
| EPA 129              | Lander Trough NT  | Central  | 100                     | 100                     |                       |                         |
| EPA 130              | Pedirka Basin NT  | Central  | 100                     | 100                     |                       |                         |
| EPA 131              | Pedirka Basin NT  | Central  | 100                     | 100                     |                       |                         |
| EPA 132              | Georgina Basin NT | Central  | 100                     | 100                     |                       |                         |
| EPA 133              | Amadeus Basin NT  | Central  | 100                     | 100                     |                       |                         |
| EPA 137              | Amadeus Basin NT  | Central  | 100                     | 100                     |                       |                         |
| EPA 147              | Amadeus Basin NT  | 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

- <sup>1</sup> 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.
- <sup>2</sup> On 20 June 2016 Central submitted an application to the NT Department of Primary Industry and Resources for consent to surrender Exploration Permit 97.
- <sup>3</sup> Central has granted Santos the right to acquire a 50% interest in EPA 111 and EPA 124.
- <sup>4</sup> 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.*
- 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.*
- 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 \$5.9M in cash and at 31 March 2017 held \$7.8M. Both cash positions are inclusive of the Company's share of cash held in Joint Venture bank accounts.

During the quarter the company received the proceeds from take or pay provisions contained in gas sales contracts for the 2016 contract year amounting to \$4.9M.

As was required under the provisions of the farmout agreement, a payment of \$0.6M was made to Total following its withdrawal from the Southern Georgina exploration joint venture. The payment was a refund of amounts previously contributed by Total towards environmental bonds that are lodged with the Queensland government in respect of the Queensland ATP's.

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

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

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

At 31 March 2017 the Company had 433,197,647 ordinary shares on issue, 24,084,360 share rights expiring on various dates and 63,803,777 unlisted options exercisable at various prices and with various expiry dates.

During the quarter, a total of 430,827 unlisted options exercisable at \$0.45 on or before 11 November 2017 were granted and a total of 31,655 share rights were granted to employees in accordance with the Company's Employee Rights Plan and a total of 267,994 share rights were cancelled.

**Richard Cottee**



**Managing Director**  
**27 April 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.

This document may contain forward-looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. These risks, uncertainties and assumptions include (but are not limited to) commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates. Actual values, results or events may be materially different to those expressed or implied in this document. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Any forward looking statement in this document is valid only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, or any other Listing Rules or Financial Regulators' rules, the Company and its subsidiaries and each of their agents, directors, officers, employees, advisors and consultants do not undertake any obligation to update or revise any information or any of the forward looking statements in this document if events, conditions or circumstances change or that unexpected occurrences happen to affect such a statement. Sentences and phrases are forward looking statements when they include any tense from present to future or similar inflection words, such as (but not limited to) "forecast", "believe", "estimate", "anticipate", "plan", "predict", "may", "hope", "can", "will", "should", "expect", "intend", "is designed to", "with the intent", "potential", the negative of these words or such other variations thereon or comparable terminology, may indicate forward looking statements.

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## Appendix 5B

### Mining exploration entity 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 2017

| 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                                | 10,799                     | 21,582                                |
| 1.2 Payments for   |                            |                                       |
| (a) exploration & evaluation                               | (338)                      | (1,529)                               |
| (b) development  | —                          | —                                     |
| (c) production   | (3,598)                    | (10,736)                              |
| (d) staff costs  | (1,428)                    | (3,913)                               |
| (e) administration and corporate costs (net of recoveries) | (223)                      | (470)                                 |
| 1.3 Dividends received (see note 3)                        |                            |                                       |
| 1.4 Interest received                                      | 36                         | 130                                   |
| 1.5 Interest and other costs of finance paid               | (1,571)                    | (4,800)                               |
| 1.6 Income taxes paid                                      | —                          | —                                     |
| 1.7 Research and development refunds                       | —                          | 634                                   |
| 1.8 Lease incentive payments received                      | —                          | 193                                   |
| Other  | —                          | 28                                    |
| <b>1.9 Net cash from / (used in) operating activities</b>  | <b>3,677</b>               | <b>1,119</b>                          |



|            |  |              |                |
|------------|--|--------------|----------------|
| <b>2.</b>  | <b>Cash flows from investing activities</b>  |              |                |
| 2.1        | Payments to acquire:   |              |                |
|            | (a) property, plant and equipment  | (153)        | (1,080)        |
|            | (b) tenements (see item 10)  | —            | —              |
|            | (c) investments  | —            | —              |
|            | (d) other non-current assets – Security Bonds                                      | —            | (270)          |
|            | (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  | —            | —              |
|            | (b) tenements and applications (see item 10 for tenements)                         | —            | 80             |
|            | (c) investments  | —            | —              |
|            | (d) other non-current assets – redemption of security bonds                        | 4            | 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)        | (552)          |
| <b>2.6</b> | <b>Net cash from / (used in) investing activities</b>                              | <b>(701)</b> | <b>(4,990)</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  | —              | —              |
| 3.6         | Repayment of borrowings   | (1,152)        | (3,480)        |
| 3.7         | Transaction costs related to loans and borrowings                           | —              | —              |
| 3.8         | Dividends paid  | —              | —              |
| 3.9         | Other (provide details if material)   | —              | —              |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                       | <b>(1,152)</b> | <b>(3,480)</b> |

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

|            |  |              |              |
|------------|--|--------------|--------------|
| <b>4.</b>  | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |              |              |
| 4.1        | Cash and cash equivalents at beginning of period                             | 5,941        | 15,116       |
| 4.2        | Net cash from / (used in) operating activities (item 1.9 above)              | 3,677        | 1,119        |
| 4.3        | Net cash from / (used in) investing activities (item 2.6 above)              | (701)        | (4,990)      |
| 4.4        | Net cash from / (used in) financing activities (item 3.10 above)             | (1,152)      | (3,480)      |
| 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>7,765</b> | <b>7,765</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>  | 7,764                              | 5,940                               |
| 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>7,765</b>                       | <b>5,941</b>                        |

<sup>1</sup> Includes share of Joint Venture bank accounts, and cash held with Macquarie Bank Limited (Current Quarter \$1,862,779; Previous Quarter \$2,670,764) to be used for allowable purposes under the Facility Agreement.

|  |  |                            |
|--|--|----------------------------|
| 6.   | Payments to directors of the entity and their associates   | Current quarter<br>\$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<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  | 83,809  | 83,809                                    |
| 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 7.38% (floating interest rate).

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

| 9. Estimated cash outflows for next quarter <sup>3</sup>   | \$A'000         |
|--|-----------------|
| 9.1 Exploration and evaluation                             | (401)           |
| 9.2 Development  | –               |
| 9.3 Production   | (3,904)         |
| 9.4 Staff costs (net of recoveries)                        | (789)           |
| 9.5 Administration and corporate costs (net of recoveries) | (1,640)         |
| 9.6 Other  |                 |
| - Payments for property, plant & equipment                 | (709)           |
| - Interest and debt repayments                             | (2,705)         |
| <b>9.7 Total estimated cash outflows</b>                   | <b>(10,148)</b> |

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

| 10.  | Changes in tenements (items 2.1(b) and 2.2(b) above)                                  | Tenement reference and location                     | Nature of interest            | Interest at beginning of quarter | Interest at end of quarter |
|------|---|---|-------------------------------|----------------------------------|----------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced |   |                               |                                  |                            |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased           | ATP 909<br>ATP 911<br>ATP 912<br>Georgina Basin QLD | Petroleum exploration permits | 90%                              | 100%                       |

### Compliance statement

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



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

Date: ..27 April 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.