# Interim Report

## Half-year ended 31 December 2021

Central Petroleum Limited
ABN 72 083 254 308

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# CHAIR'S LETTER

Dear Shareholders,

As we progress into 2022, Central's ambitious growth plans are continuing to take shape.

By its nature, this interim report is focused on the past six months ending December 2021. The real opportunity, however, lies in building and unlocking the value contained within Central's portfolio of assets. The half year results provide a glimpse of what this company can achieve, having booked a $36.6 million profit on the sale of 50% of our interests in the Mereenie, Palm Valley and Dingo fields.

This transaction crystallised the value we created in six years and allows us to fund our share of about $100 million of joint venture investment. This includes two exploration wells to be drilled in coming months and two new production wells drilled at Mereenie during the period which have added to production capacity.

The $10 million underlying EBITDAX for the six months was a solid outcome reflecting our reduced interests in the fields from October and our focus is now on adding value through an extensive program of exploration and appraisal activity in 2022 and 2023.

We have drilled two new step-out pilot wells at the Range CSG project in Queensland since December, with the wells recording coal thicknesses more consistent with the expectations of the field than those encountered at the existing pilot location. Production testing is scheduled to commence next month.

We are about to spud the first of two exploration wells at Palm Valley and Dingo, both of which will target new gas resources beneath our existing production reservoirs in coming months. If successful, the new prospects could more than double our current reserves and open up similar exploration prospects throughout the basin.

I know that many shareholders have been waiting for us to return to the Dukas prospect to drill through to the sub-salt target which is potentially multi-Tcf in size, with additional potential for helium and hydrogen. Our recently-announced farm-out to Peak Helium aligns the joint venture to drill Dukas and funds two additional wells at Mt Kitty and Magee, both of which are targeting the sub-salt plays in the southern Amadeus Basin to pursue the high concentrations of helium and hydrogen that have already been identified. This is an exciting new program which, by virtue of the investment that Peak has committed under the farm-out, demonstrates the inherent value of our diverse portfolio.

The next 12 to 18 months promise to be one of Central's most active in terms of drilling and appraisal testing, with the program we have assembled delivering on our strategy to create shareholder value by bringing basin specific exploration and production expertise to bear on our portfolio of quality assets in various stages of maturity.

Whilst we don't control what we ultimately find with our drilling campaigns, the runway of high-growth opportunities in front of us today is a reflection of the drive and determination of our Board, management and employees.

Yours faithfully

**Mick McCormack**
Chair
9 March 2022

# DIRECTORS' REPORT

31 December 2021

The Directors present their report on the consolidated entity consisting of Central Petroleum Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

## Directors

The names of the Directors of the Company in office during the half-year and until the date of this report are:

Mr Michael (Mick) McCormack (Chair)
Mr Leon Devaney (Managing Director and CEO)
Mr Stuart Baker
Mr Stephen Gardiner (Appointed 1 July 2021)
Ms Katherine Hirschfeld AM
Dr Agu Kantsler

Directors have held office for the period and until the date of this report unless otherwise stated.

## Operating highlights

The principal continuing activity of the consolidated entity ("the Group") during the period was the exploration, development and production of hydrocarbons.

**Highlights for the half-year reporting period and up to the date of this report**

- On 1 October Central completed the sale of 50% of its interests in the Mereenie, Palm Valley and Dingo fields to New Zealand Oil & Gas Limited (NZOG)(ASX:NZO) and Cue Energy Resources Limited (Cue)(ASX:CUE), recognising a book profit of $36.6 million. The proceeds will fund a significant program of development and exploration in those fields and facilitated the repayment of $32 million of debt in the six months to 31 December 2021.
- Central entered a new gas sale agreement for the sale of up to 3.15 PJ (net to CTP) of gas over four years from 1 January 2022.
- Two new production wells at Mereenie were drilled and brought online.
- Gas and oil reserves were reviewed as at 31 December 2021, with an increase in aggregate 2P reserves across the three fields of 3.5 PJe replacing Central's 3.4 PJ share of production since 30 June 2021.
- Testing continued on the three well pilot program at the Range Gas Project, along with planning of two step-out pilot wells (Range 9 and 10). The wells were subsequently drilled in February 2022, confirming coal thicknesses more consistent with expectations for the field.
- Planning, approvals, contracting and procurement for the new Palm Valley Deep and Dingo 5 exploration wells in the Amadeus Basin were finalised and the wells are scheduled to commence drilling in 1H CY2022.
- Net sales of oil and gas were 3.81 PJe for the half year, compared with 5.16 PJe sold in the previous six months to 30 June 2021, reflecting the sale of 50% of Central's interests in the Amadeus Basin producing fields, which completed on 1 October 2021.
- Operating revenue was $23.5 million, compared to $28.9 million recognised in the corresponding six months to December 2020, reflecting the lower ownership interest, but partly offset by higher realised oil prices and indexation of gas contract prices.
- Net Debt was $12.4 million at 31 December, down from $31.3 million at 30 June 2021 reflecting the $29 million loan prepayment from the proceeds of the Amadeus Basin partial asset sale.
- In February 2022, the Group entered into a farmout of interests in Amadeus Basin exploration tenements EP82, EP112 and EP125 to Peak Helium (Amadeus Basin) Pty Ltd. The Group will be free carried by Peak for its share of the costs of two new sub-salt exploration wells targeting natural gas, helium and hydrogen. The wells are expected to be drilled in 2023.

## Operating highlights *(continued)*

## Operating and Financial Review

### KEY FINANCIAL AND OPERATING DATA

The Consolidated Entity had an operating profit after income tax for the half year to 31 December 2021 of $30.5 million (Dec 2020: $2.5 million) after recording a profit on the disposal of 50% of its interests in the Amadeus Basin producing properties of $36.6 million.

The above result was after expensing exploration costs of $10.1 million (Dec 2020: $1.4 million). The Group's policy is to expense all exploration costs as incurred. To assist understanding of the Group's underlying financial performance excluding exploration costs, earnings before interest, tax, depreciation, amortisation and exploration (EBITDAX) is reported below.

The table below shows key metrics for the Group:

| | Half year to | | Change from Half Year ending 31 December 2020 | |
|---|---|---|---|---|
| | 31 December 2021 | 31 December 2020 | $ '000 | % |
| Net Sales Volumes | | | | |
| - Natural Gas (TJ) | **3,633** | **4,890** | (1,257) | (26)% |
| - Oil & Condensate (Bbls) | **29,552** | **37,810** | (8,258) | (22)% |
| Sales Revenue ($ '000) | **23,530** | **28,933** | (5,403) | (19)% |
| Gross Profit (AUD $ '000) | **11,991** | **14,688** | (2,697) | (18)% |
| Underlying EBITDAX[1] (AUD $ '000) | **10,005** | **12,911** | (2,906) | (23)% |
| Underlying EBITDA[2] (AUD $'000) | **(78)** | **11,506** | (11,584) | (101)% |
| Underlying EBIT[3] (AUD $ '000) | **(3,529)** | **5,020** | (8,549) | (170)% |
| Underlying Profit/(loss) after tax[4] ($ '000) | **(6,097)** | **2,538** | (8,635) | (340)% |
| Statutory Profit after tax (AUD $ '000) | **30,462** | **2,538** | 27,924 | n/a |
| Net cash (outflow)/inflow from Operations[5] (AUD $'000) | **(481)** | **17,629** | (18,110) | (103)% |
| Capital expenditure[6](AUD $ '000) | **8,601** | **2,804** | 5,797 | 207% |

Notes:

1. Underlying EBITDAX is Earnings before Interest, Tax, Depreciation, Amortisation, Impairment, Exploration costs and profit on disposal of interests in producing properties (refer reconciliation below).
2. Underlying EBITDA is Earnings before Interest, Tax, Depreciation, Amortisation, Impairment and profit on disposal of interests in producing properties.
3. Underlying EBIT is Earnings before Interest, Taxation and profit on disposal of interests in producing properties.
4. Underlying profit/(loss) after tax is statutory profit after tax before profit on disposal of interests in producing properties.
5. Cashflow from Operations includes cash outflows associated with Exploration activities. The half year to 31 December 2020 includes proceeds from pre-sold gas.
6. Capital expenditure on tangible assets

Underlying EBITDAX, underlying EBITDA and underlying EBIT are non-IFRS measures that are presented to provide an understanding of the underlying performance of the Group. The non-IFRS information is not subject to audit review, however the numbers have been extracted from the financial statements which have been subject to review by the Group's auditor. A reconciliation to profit before tax is provided below.

## Operating and Financial Review *(continued)*

### EBITDAX

Underlying EBITDAX for the six months to December 2021 was $10.0 million, down from $12.9 million in the corresponding 2020 half year reflecting the disposal of 50% of the Group's interests in the Amadeus Basin producing properties which completed on 1 October 2021.

Underlying EBITDAX are earnings before interest, tax depreciation, amortisation, impairment, exploration and profit on disposal of interests in producing properties. Underlying EBITDAX is used by management as an indicative measure of underlying operating profit from operations as it excludes non-cash items, the costs of finance and expensed exploration costs and is reconciled to statutory profit below:

It should be noted however that Underlying EBITDAX is only an indicative measure of underlying cash profit from operations. There are other significant non-cash items included in underlying EBITDAX, such as share based payments (Dec 2021: $836,000, Dec 2020: $921,000). Revenues recognised may also not reflect actual cash receipts, as some gas revenues relate to presold gas for which cash was received in previous periods and amounts received under take or pay gas contracts are not recognised as revenue until the gas is taken or forfeited by the customer.

**Reconciliation of statutory profit before tax to underlying EBITDAX**

| | Six months ending: | |
|---|---|---|
| | **31 Dec 2021 $'000** | **31 Dec 2020 $'000** |
| Statutory profit before tax | 30,462 | 2,538 |
| Profit on disposal of interests in producing properties | (36,559) | – |
| **Underlying profit/(loss) before tax** | **(6,097)** | **2,538** |
| Net finance costs | 2,568 | 2,482 |
| **Underlying EBIT** | **(3,529)** | **5,020** |
| Depreciation and amortisation | 3,451 | 6,486 |
| **Underlying EBITDA** | **(78)** | **11,506** |
| Exploration expenses | 10,083 | 1,405 |
| **Underlying EBITDAX** | **10,005** | **12,911** |

### Revenue

The Group recorded $23.5 million of operating revenue for the half year, 19% lower than the December 2020 half. The drop in revenues reflects the disposal of 50% of the Group's interests in the Amadeus Basin producing properties from completion of the transaction, which occurred on 1 October 2021. Realised oil prices were approximately 79% higher than the previous corresponding half year period as world oil markets strengthened. Current firm gas supply contracts have various terms that extend to beyond 2025, including 4.4 PJ in CY2022 and 3.7 PJ in CY2023 (net to Central).

### Gross Profit

A Gross Profit of $12.0 million was recorded, 18% lower than the December 2020 half year, reflecting the lower production revenues following the Amadeus Basin sell down. Unit costs of sale were slightly higher than the FY2021 average at $3.03 /GJe (FY2021: $2.81 /GJe) as fixed costs were spread over lower volumes.

The Group repaid 0.36 PJ of previously over-lifted gas volumes to its joint venture partner during the half (Dec 2020: 0.35 PJ).

### Other Expenses

Net employee and administration costs (including share based benefits) for the half year were $2.0 million compared to $1.8 million for the prior corresponding period, with the difference largely reflecting the benefit received from the JobKeeper subsidy in the first half of FY2021.

# Operating and Financial Review *(continued)*

## Net Assets/Liabilities

At 31 December 2021 the Group had a net asset position of $35.0 million compared to $3.7 million at 30 June 2021. The improvement reflects the statutory net profit for the period inclusive of the gain from the partial sale of the Amadeus Basin producing properties.

Included in liabilities on the Group's balance sheet are amounts relating to pre-paid gas sales and take-or-pay receipts recognised as deferred revenue amounting to $20.3 million (June 2021: $20.9 million). These liabilities will be recognised as revenue as gas is supplied to the customer or forfeited under take-or-pay contracts and therefore do not represent a cash liability to the Group.

During the half year, 0.36 PJ of previously over-lifted gas was repaid to joint venture partners and 0.87 PJ of pre-sold gas was delivered.

## Debt

The Group repaid $32.0 million of loan principal during the period including a $29 million repayment from the proceeds of the partial sale of the Amadeus Basin producing properties. Underlying EBITDAX of $10.0 million covered regular service of loan facilities of $3 million (3.3 times cover) during the half year. There were no new borrowings during the period.

Net debt including lease liabilities was $12.4 million at 31 December 2021, significantly lower than the $31.3 million at 30 June 2021, reflecting loan repayments from the proceeds of the partial asset sale.

The balance of the debt facility as at 31 December 2021 was $34.8 million. Principal repayments are currently $2.0 million per quarter.

## Debt maturity

The loan facility is due to expire on 30 September 2022.

Attention is drawn to both the Independent Auditor's Review and the disclosures in the financial statements on the going concern assumptions (refer note 1(a) of the financial statements), noting that there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern if it is unable to extend or refinance the outstanding loan balance by 30 September 2022.

As outlined in note 1(a), discussions are already under way with the existing financier and the Group has successfully extended the maturity date of this loan facility several times in the past. Management and the Board are also actively considering various alternative refinancing options and have a reasonable expectation that new financing arrangements will be in place before the expiry of the existing loan facility in September 2022.

## Net cashflow from operations

Net cashflow outflows from operations were $0.5 million compared to net cash inflows of $17.6 million for the December 2020 half which benefitted from the pre-sale of gas to be delivered in CY2022 and CY2023, and JobKeeper subsidies.

The lower cashflow reflects lower receipts due to the partial (50%) sell down of the Amadeus Basin producing properties. The current half also included $7.6 million of payment in respect of exploration activities (June 2021 half: $4.2 million and December 2020 half: $1.3 million).

## SAFETY AND ENVIRONMENT

Central recorded one MTI / LTI in October, the first incident in over a year. There were no reportable environmental incidents. The Company's TRIFR (Total Recordable Injury Frequency Rate) at the end of the half year was 3.3.

## Operating and Financial Review *(continued)*

### PRODUCTION

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

*(CTP 25% interest [Operator], Macquarie Mereenie Pty Ltd 50%, NZOG Mereenie Pty Ltd 17.5%, Cue Mereenie Pty Ltd 7.5%) (After Central transferred 50% of its interest to NZOG and Cue on 1 October 2021)*

During the half-year:

- Gas production averaged 31.6 TJ/d over the half-year (100% JV), an increase of 5% on the preceding June half year.
- Oil production averaged 427 barrels of oil per day over the half-year (100% JV)
- Field capacity (gas) was 35 TJ/d at 31 December.

Incremental increases are expected once both of the new production wells and the recompleted wells are further cleaned up and optimised. The additions from the development campaign are expected to be approximately 10 TJ/d and will be partly offset by ongoing natural field decline.

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

*(CTP 50% Interest [Operator], NZOG Palm Valley Pty Ltd 35%, Cue Palm Valley Pty Ltd 15%)*
*(After Central transferred 50% of its interest to NZOG and Cue on 1 October 2021)*

Gas production averaged 6.8 TJ/d over the six months to December 2021 (100% JV), down 16% from the preceding six months average production of 8.1 TJ/day due to scheduled shutdowns, unscheduled compressor maintenance, outages on the Northern Gas Pipeline and natural field decline.

Sales capacity was approximately 7.0 TJ/d (100% JV) at the end of the period.

The Palm Valley Deep exploration well will also serve as an appraisal well for the currently producing formation should the deep exploration target not be successful. If this appraisal well is successful in a way consistent with the Palm Valley 13 well, Palm Valley field production would be increased toward its facility capacity of circa 15 TJ/d. The well is scheduled to commence drilling in March 2022.

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

*(CTP 50% Interest [Operator], NZOG Dingo Pty Ltd 35%, Cue Dingo Pty Ltd 15%)*
*(After Central transferred 50% of its interest to NZOG and Cue on 1 October 2021)*

The Dingo field supplies gas to the Owen Springs Power Station, with gas sales averaging 3.4 TJ/d over the half-year (100% JV), a decrease of 13% from the 3.8 T/day sold in the preceding six months. The balance of the contracted volume of 4.4 TJ/d is subject to take-or-pay provisions and is paid annually to Central in January for the preceding year.

### APPRAISAL / DEVELOPMENT

#### Range Gas Project (ATP2031) - Queensland

*(CTP – 50% interest, Incitec Pivot Queensland Gas Pty Ltd – 50%)*

Interference testing of the three well Range pilot was completed during the half, confirming good communication between the three pilot wells. However, key targets to de-water and produce gas to surface were not met during the testing period, with the wells intersecting coals with reservoir properties not consistent with previous exploration wells.

The pilot has subsequently been expanded with two new step-out wells (Range 9 and 10) drilled in February 2022 to assess coal properties and water production rates away from the initial pilot location. The two new wells have confirmed net coal of 29.8m and 28.6m respectively, compared to the average 25.5m of coal encountered at the site of the initial three well pilot. Despite being less than 2km from the original pilot, these results are more comparable to the average 32.9m of coal encountered in previous exploration wells. The new pilot step-out wells will be tied into the existing water tank for pilot production testing.

The 77km$^2$ tenement (ATP 2031) is strategically located in the heart of Queensland's coal seam gas (CSG) province which hosts thousands of CSG wells producing from the same coal measures at similar depths. The Range Gas Project contains an estimated 270 PJ of 2C contingent gas resource (Central share 135 PJ).

## Operating and Financial Review *(continued)*

The Surat Basin remains one of Australia's premier gas production precincts, with the timing of the Range Gas Project positioned for development to take advantage of an expected shortfall of gas supply in eastern Australia from 2025.

### EXPLORATION

#### Amadeus Exploration Program

Amadeus Basin, Northern Territory

The Palm Valley Deep and Dingo Deep wells will target up to 192 PJ of mean recoverable prospective gas resources (96 PJ Central share), testing deeper reservoirs which have produced gas elsewhere in the region. These wells are located within the existing Palm Valley and Dingo fields and, if successful, provide the opportunity for low cost production via tie-in to existing infrastructure.

If the deeper targets are unsuccessful, the wells can be completed in the shallower producing formations as production wells.

Drilling for the first well of the campaign at Palm Valley is expected to commence in 1H 2022.

#### Other Exploration Targets

The Amadeus Basin is an extensive underexplored basin with five working hydrocarbon systems demonstrated by proven oil and gas production. Central have identified many less-mature, but potentially company-changing, oil and gas prospects throughout the basin at various stages of maturity.

Other significant exploration activity during the half year included:

- **EP115**, Amadeus Basin, Northern Territory: located in the north-western section of the basin. Of particular focus is the Mamlambo oil prospect located in permit L6 between the Mereenie Oil & Gas Field and the Surprise Oil Field. Mamlambo is a large lead with a mean prospective resource of 18 mmbbl of oil. With the western flank of the Amadeus Basin prone to oil, exploration success at Mamlambo could unlock a substantial oil exploration and production province for Central.

  The Zevon sub-salt lead has also been identified as another focus for exploration in EP115. It is potentially a very large closure (circa 1,600 $km^2$), based on seismic and gravity studies, and is located in the north-western section of the Amadeus Basin between the Mereenie Oil & Gas Field and the Surprise Oil Field. Regional geological work has focussed on hydrocarbons although the presence of helium and hydrogen within any natural gas encountered could add significant value in the event of a success.

  Central is currently working to obtain the required clearances for a seismic program necessary to identify a potential drilling location.

- **EP112**, Amadeus Basin, Northern Territory (CTP – 45% interest, Santos (Operator) – 55%):

  Dukas is a gas prospect with multi-TCF potential located approximately 175 km south west of Alice Springs. The Dukas-1 exploration well was suspended at a depth of 3,704m in mid-2019, after encountering hydrocarbon-bearing gas from an over-pressured zone close to the primary target. Drilling was suspended due to the high pressures and it is planned to return to re-drill Dukas with specialised equipment.

  In February 2022, the Group agreed to transfer 10% of its interest in EP112 to Peak Helium (Amadeus Basin) Pty Ltd as part of a transaction that will result in the Group being free-carried for its share of the costs of two new sub-salt exploration wells in EP82 and EP125, planned for 2023.

  Planning for the Dukas exploration well continued during the period, with drilling targeted to begin in 1H CY2023.

### COMMERCIAL

#### New Gas Sales Agreement

In November 2021, the Group announced it had executed a new gas sales agreement ("GSA") for the supply of 3.15 PJ of gas (Central's share) to the Northern Territory's Power and Water Corporation via a back-to-back GSA with Macquarie Mereenie Pty Limited.

The gas is to be supplied over a four year period from 1 January 2022, commercialising a portion of the increased production recently brought online following the 2021 Mereenie development campaign. The GSA is for firm supply, with take or pay provisions and a fixed price subject to annual CPI escalation.

# Operating and Financial Review *(continued)*

## Events since the end of the Half Year

**Farmout to fund two new sub-salt exploration wells in the Amadeus Basin**

On 9 February 2022, the Group announced it had entered into a farmout of various interests in certain Amadeus Basin exploration tenements to Peak Helium (Amadeus Basin) Pty Ltd (Peak). Under the farmout the Group will be free carried by Peak for its share of the cost of two new sub-salt exploration wells (capped at $20 million gross cost per well), one at Mt Kitty (EP125) and the other at either Magee or the nearby Mahler prospect (both in EP82). These two new wells and the planned Dukas exploration well in EP112 mean a total of three sub-salt exploration wells will now be prioritised for drilling in the Southern Amadeus Basin in 2023.

Peak will earn a partial transfer of the Group's interests in the three permits as follows:

- 31% in EP82, excluding the Dingo Satellite Area (the Group's interest will change from 60% to 29%)
- 10% in EP112 (the Group's interests will change from 45% to 35%)
- 6% in EP125 (the Group's interest will change from 30% to 24%)

**Review of oil and gas reserves**

On 3 March 2022, the Group announced an independently-certified (NSAI) update of its certified oil and gas reserves, as at 31 December 2021:

| Oil and Gas Reserves and Resources CTP Share | As at 30 June 2021 (PJe) | Production 1 July 2021 to 31 Dec 2021 (PJe) | Disposal adjustment on Completion (PJe) | Other Adjustments (PJe) | As at 31 Dec 2021 (PJe) |
|---|---|---|---|---|---|
| 1P | 118.1 | (3.4) | (59.6) | 7.1 | **62.2** |
| 2P | 151.7 | (3.4) | (76.4) | 3.5 | **75.4** |
| 3P | 195.9 | (3.4) | (98.5) | (1.8) | **92.2** |
| 2C | 240.5 | - | (52.7) | - | **187.8** |

No other matters or circumstances have arisen since 31 December 2021 that will affect the Group's operations, results or state of affairs.

## Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

## Rounding of amounts

The company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

This report is made in accordance with a resolution of directors.

**Michael (Mick) McCormack**
Chair
Brisbane
9 March 2022

# AUDITOR'S DECLARATION OF INDEPENDENCE

31 December 2021

## Auditor's Independence Declaration

As lead auditor for the review of Central Petroleum Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Central Petroleum Limited and the entities it controlled during the period.

Marcus Goddard
Partner
PricewaterhouseCoopers

Brisbane
09 March 2022

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2021

| | Notes | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Revenue from contracts with customers - sale of hydrocarbons | 3(a) | 23,530 | 28,933 |
| Cost of sales | | (11,539) | (14,245) |
| Gross profit | | 11,991 | 14,688 |
| Other income | 5 | 36,589 | 50 |
| Exploration expenditure | | (10,083) | (1,405) |
| Employee benefits and associated costs net of recoveries | | (730) | (494) |
| Share based employment benefits | | (836) | (921) |
| General and administrative expenses net of recoveries | | (421) | (368) |
| Depreciation and amortisation | | (3,451) | (6,486) |
| Finance costs | | (2,597) | (2,526) |
| Profit before income tax | | 30,462 | 2,538 |
| Income tax expense | | - | - |
| Profit for the half-year | | 30,462 | 2,538 |
| Other comprehensive profit for the half-year, net of tax | | - | - |
| Total comprehensive profit for the half-year | | 30,462 | 2,538 |
| **Total comprehensive profit attributable to members of the parent entity** | | 30,462 | 2,538 |

**Earnings per share for profit attributable to the ordinary equity holders of the Company**

| | 2021 cents | 2020 cents |
|---|---|---|
| Basic earnings per share | 4.20 | 0.35 |
| Diluted earnings per share | 4.13 | 0.34 |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# CONSOLIDATED BALANCE SHEET

As at 31 December 2021

| | Notes | 31 Dec 2021 $'000 | 30 June 2021 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 23,643 | 37,159 |
| Trade and other receivables | 7 | 32,029 | 7,111 |
| Inventories | | 1,757 | 1,621 |
| Assets classified as held for sale | | – | 57,968 |
| Total current assets | | 57,429 | 103,859 |
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | 55,824 | 53,988 |
| Right-of-use assets | 9 | 1,181 | 1,455 |
| Exploration assets | | 8,397 | 8,397 |
| Intangible assets | | 279 | 302 |
| Other financial assets | | 4,449 | 4,218 |
| Goodwill | | 1,953 | 1,953 |
| Total non-current assets | | 72,083 | 70,313 |
| **Total assets** | | **129,512** | **174,172** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 7,858 | 10,491 |
| Deferred revenue | 3(b) | 5,148 | 5,244 |
| Borrowings | 10 | 34,809 | 36,000 |
| Lease liabilities | 9 | 469 | 517 |
| Provisions | 11 | 3,083 | 3,918 |
| Liabilities directly associated with assets classified as held for sale | | – | 39,436 |
| Total current liabilities | | 51,367 | 95,606 |
| **Non-current liabilities** | | | |
| Deferred revenue | 3(b) | 15,184 | 15,697 |
| Borrowings | 10 | – | 30,809 |
| Lease liabilities | 9 | 776 | 992 |
| Provisions | 11 | 27,200 | 27,379 |
| Total non-current liabilities | | 43,160 | 74,877 |
| **Total liabilities** | | **94,527** | **170,483** |
| **Net assets** | | **34,985** | **3,689** |
| **EQUITY** | | | |
| Contributed equity | 12 | 197,776 | 197,776 |
| Reserves | 12 | 29,928 | 29,094 |
| Accumulated losses | | (192,719) | (223,181) |
| **Total equity** | | **34,985** | **3,689** |

*The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2021

| | | Attributable to owners of Central Petroleum Limited | | | |
|---|---|---|---|---|---|
| | Notes | Contributed Equity | Option Reserve | Accumulated Losses | Total |
| | | $'000 | $'000 | $'000 | $'000 |
| **Balance at 1 July 2020** | | **197,776** | **27,238** | **(223,432)** | **1,582** |
| Profit for the half-year | | - | - | 2,538 | 2,538 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive profit for the half-year | | - | - | 2,538 | 2,538 |
| **Transactions with owners in their capacity as owners** | | | | | |
| Share based payments | | - | 921 | - | 921 |
| Share issue costs | | - | (4) | - | (4) |
| Total transactions with owners | | - | 917 | - | 917 |
| **Balance at 31 December 2020** | | **197,776** | **28,155** | **(220,894)** | **5,037** |
| **Balance at 1 July 2021** | | **197,776** | **29,094** | **(223,181)** | **3,689** |
| Profit for the half-year | | - | - | 30,462 | 30,462 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive profit for the half-year | | - | - | 30,462 | 30,462 |
| **Transactions with owners in their capacity as owners** | | | | | |
| Share based payments | | - | 836 | - | 836 |
| Share issue costs | | - | (2) | - | (2) |
| Total transactions with owners | | - | 834 | - | 834 |
| **Balance at 31 December 2021** | | **197,776** | **29,928** | **(192,719)** | **34,985** |

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2021

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | 24,796 | 37,680 |
| Interest received | 29 | 50 |
| Government grants | 11 | 1,149 |
| Other income | 31 | 1 |
| Interest and borrowing costs | (1,492) | (2,021) |
| Payments for exploration expenditure | (7,576) | (1,286) |
| Payments to other suppliers and employees | (16,280) | (17,944) |
| Net cash (outflow) / inflow from operating activities | (481) | 17,629 |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | (8,797) | (2,437) |
| Proceeds from the sale of property, plant and equipment | 29,561 | – |
| Transaction costs associated with the sale of property, plant and equipment | (1,256) | – |
| Lodgement of security deposits and bonds | (231) | – |
| Net cash inflow / (outflow) from investing activities | 19,277 | (2,437) |
| **Cash flows from financing activities** | | |
| Payments for issue of securities | (2) | (4) |
| Transaction costs related to borrowings | – | (221) |
| Repayment of borrowings | (32,000) | (2,000) |
| Principal elements of lease payments | (316) | (341) |
| Net cash outflow from financing activities | (32,318) | (2,566) |
| **Net (decrease) / increase in cash and cash equivalents** | **(13,522)** | **12,626** |
| **Cash and cash equivalents at the beginning of the half-year** | **37,165** | **25,918** |
| **Cash and cash equivalents at the end of the half-year** | **23,643** | **38,544** |

**Non-Cash Investing and Financing Activities**

Following completion of the disposal of 50% of the Group's interests in the Amadeus Basin producing properties on 1 October 2021, the purchasers funded $1,479,000 of the Group's share of the costs for the acquisition of property, plant and equipment. These amounts form part of the deferred consideration component of the sale proceeds (refer Note 5(a)).

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

## 1. Basis of Preparation of Half-Year Report

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)*. They present reclassified comparative information where required for consistency with the current reporting period's presentation or where otherwise stated. Central Petroleum Limited is a for-profit entity for the purpose of preparing the financial statements.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Central Petroleum Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This consolidated financial report is presented in Australian Dollars, which is Central Petroleum Limited's functional and presentation currency.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

### (a) Going Concern

The interim financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the period ended 31 December 2021, Central Petroleum Limited ("Central") recorded a net profit of $30,462,000, had net cash outflows from operating activities (including exploration) of $481,000 and had an overall net current asset position at 31 December 2021 of $6,062,000. The Board and management monitor the Group's cash flow requirements to ensure it has sufficient funds to meet its contractual commitments and adjusts its spending, particularly with respect to discretionary exploration activity and corporate expenditures.

Current liabilities at 31 December 2021 include the full outstanding balance of the Macquarie debt facility ($34,809,000), which has a maturity date of 30 September 2022. The continuing viability of the Group and its ability to continue as a going concern and meet its debts as and when they fall due is dependent upon the Group extending or refinancing the maturing debt facility or obtaining alternative funding such as through equity issues or the sell-down or farmout of assets.

As a result of this exposure, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern if it is unable to extend or refinance the outstanding loan balance by 30 September 2022. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the Group is currently discussing renewal terms with the existing financier and has successfully extended the maturity date of its loan facility several times in the past. Management and the Board are also actively considering various alternative refinancing options and have a reasonable expectation that new financing arrangements will be in place before the expiry of the existing loan facility in September 2022.

To date the Group has been successful in funding commitments and new projects through a combination of operating cash flows, borrowings, gas presales, farmouts and equity from new and existing shareholders.

On this basis and supported by the cash assets as at 31 December 2021 of $23,643,000 and operating cash flow forecasts, the Group forecasts that over at least the next 12 months, it will have sufficient funds to meet its commitments and continue to pay its debts as and when they fall due. Accordingly, the Directors believe the going concern assumption is appropriate.

### (b) New and Amended Standards Adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

## 2. Significant Changes in the Current Reporting Period

The financial position and performance of the Group was particularly affected by the following events and transactions during the half-year ended 31 December 2021:

- On 1 October 2021, the Group completed the sale of 50% of its interests in its Amadeus Basin producing properties, recording a book profit of $36.6 million.
- The Group made principal repayments of $32 million against its Macquarie Bank loan facility during the half year.
- The two well Mereenie development program and the four well recompletion program were substantially completed at Mereenie during the half year.

For a detailed discussion about the group's performance and financial position please refer to our review of operations contained in the Directors' Report on pages 3 to 9.

## 3. Revenue from contracts with customers

### (a) Revenue from contracts with customers

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Sale of hydrocarbon products – point in time | | |
| Natural gas | 20,475 | 26,750 |
| Crude oil and condensate | 3,055 | 2,183 |
| | **23,530** | **28,933** |

### (b) Contract liabilities

| | 31 December 2021 | | | 30 June 2021 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Deferred Revenue - take or pay contracts[1] | 1,357 | 11,797 | 13,154 | 1,357 | 11,017 | 12,374 |
| Deferred Revenue - other contracts[2] | 3,791 | 3,387 | 7,178 | 3,887 | 4,680 | 8,567 |
| **Total** | **5,148** | **15,184** | **20,332** | **5,244** | **15,697** | **20,941** |

[1] *Take-or-pay proceeds received are taken to revenue at the earlier of physical delivery of the gas to the customer, or upon forfeiture of the right to gas under the contract. No revenue has been recognised during the year for gas forfeited under take-or-pay contracts.*

[2] *Deferred Revenue from other contracts represents gas pre-sold to customers which is yet to be delivered. Amounts are recognised as Deferred Revenue when no cash settlement option exists for the customer. Where a cash settlement option previously existed, the amount transferred to Deferred Revenue is the equivalent fair value of that cash settlement option at the time that option ceased to be available.*

Movements in contract liabilities during the period include a reduction of $3,177,000 recognised as revenue from amounts included in contract liabilities at the beginning of the year, partly offset by increases arising from finance charges, new take or pay amounts accrued and adjustments to reflect the disposal of 50% of the Group's interests in the Amadeus Basin producing properties on 1 October 2021.

## 4. Segment Reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The following operating segments are identified by management based on the nature of the business or venture.

### (a) Producing Assets

Production and sale of crude oil, natural gas and associated petroleum products from fields that are in the production phase.

### (b) Development Assets

Fields under development in preparation for the sale of petroleum products. There were no fields under development during the current or comparative reporting period.

### (c) Exploration Assets

Exploration and evaluation of permit areas.

### (d) Unallocated Items

Unallocated items comprise non-segmental items of revenue and expenses and associated assets and liabilities not allocated to operating segments as they are not considered part of the core operations of any segment.

### (e) Performance Monitoring and Evaluation

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The consolidated entity's operations are wholly in one geographical location being Australia.

| **2021** | **Producing Assets 31 Dec 2021 $'000** | **Exploration Assets 31 Dec 2021 $'000** | **Unallocated Items 31 Dec 2021 $'000** | **Consolidated 31 Dec 2021 $'000** |
|---|---|---|---|---|
| **Revenue from contracts with customers** | | | | |
| Natural Gas | 20,475 | – | – | 20,475 |
| Crude oil and condensate | 3,055 | – | – | 3,055 |
| **Total revenue from contracts with customers** | 23,530 | – | – | 23,530 |
| **Cost of sales** | (11,539) | – | – | (11,539) |
| **Gross profit** | **11,991** | – | – | **11,991** |
| Profit on partial disposal of interests in Amadeus Basin producing assets | 36,559 | – | – | 36,559 |
| Other income excluding interest | 1 | – | – | 1 |
| Share based employment benefits[1] | – | – | (836) | (836) |
| General and administrative expenses | – | – | (421) | (421) |
| Employee benefits and associated costs | – | – | (730) | (730) |
| **EBITDAX[2]** | **48,551** | **–** | **(1,987)** | **46,564** |
| Depreciation and amortisation[1] | (3,111) | – | (340) | (3,451) |
| Exploration expenditure | (7,609) | (2,474) | – | (10,083) |
| Interest revenue | 6 | – | 23 | 29 |
| Finance costs | (2,422) | (16) | (159) | (2,597) |
| **Profit/(loss) before income tax** | **35,415** | **(2,490)** | **(2,463)** | **30,462** |
| Taxes | **–** | **–** | **–** | **–** |
| **Profit / (Loss) for the period** | **35,415** | **(2,490)** | **(2,463)** | **30,462** |

[1] *Non-cash item.*
[2] *EBITDAX is Earnings before Interest, Taxation, Depreciation and Amortisation, Impairment and Exploration expense*

## 4. Segment Reporting *(continued)*

| 2020 | Producing Assets 31 Dec 2020 $'000 | Exploration Assets 31 Dec 2020 $'000 | Unallocated Items 31 Dec 2020 $'000 | Consolidated 31 Dec 2020 $'000 |
|---|---|---|---|---|
| **Revenue from contracts with customers** | | | | |
| Natural Gas | 26,750 | – | – | 26,750 |
| Crude oil and condensate | 2,183 | – | – | 2,183 |
| **Total revenue from contracts with customers** | 28,933 | – | – | 28,933 |
| **Cost of sales** | (14,245) | – | – | (14,245) |
| **Gross profit** | **14,688** | – | – | **14,688** |
| Other income excluding interest | 5 | – | 1 | 6 |
| Share based employment benefits[1] | – | – | (921) | (921) |
| General and administrative expenses | – | – | (368) | (368) |
| Employee benefits and associated costs | – | – | (494) | (494) |
| **EBITDAX[2]** | **14,693** | **–** | **(1,782)** | **12,911** |
| | | | | |
| Depreciation and amortisation[1] | (6,134) | – | (352) | (6,486) |
| Exploration expenditure | (286) | (1,119) | – | (1,405) |
| Interest revenue | 10 | – | 34 | 44 |
| Finance costs | (2,326) | (5) | (195) | (2,526) |
| **Profit/(loss) before income tax** | **5,957** | **(1,124)** | **(2,295)** | **2,538** |
| Taxes | – | – | – | – |
| **Profit / (Loss) for the period** | **5,957** | **(1,124)** | **(2,295)** | **2,538** |

[1] *Non-cash item.*
[2] *EBITDAX is Earnings before Interest, Taxation, Depreciation and Amortisation, Impairment and Exploration expense*

| | Producing Assets $'000 | Exploration Assets $'000 | Unallocated Items $'000 | Consolidated $'000 |
|---|---|---|---|---|
| **Total Segment Assets** | | | | |
| 31 December 2021 | 98,175 | 10,530 | 20,807 | 129,512 |
| 30 June 2021 | 133,492 | 10,264 | 30,416 | 174,172 |
| | | | | |
| **Total Segment Liabilities** | | | | |
| 31 December 2021 | (81,021) | (4,703) | (8,803) | (94,527) |
| 30 June 2021 | (150,774) | (5,462) | (14,247) | (170,483) |

## 5. Other Income

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Interest | 29 | 44 |
| Profit on disposal of 50% of interests in Amadeus Basin Producing properties (a) | 36,559 | - |
| Profit on disposal of other property, plant and equipment | – | 6 |
| Other income | 1 | – |
| | **36,589** | **50** |

## 5. Other Income (continued)

**(a) Disposal of 50% interest in Amadeus Basin producing properties**

On 25 May 2021, the Group announced it had entered into a binding agreement with New Zealand Oil and Gas Limited and Cue Energy Resources Limited to sell 50% of the Group's interests in its Amadeus Basin Producing Assets with an effective date of 1 July 2020. The transaction completed on 1 October 2021 with the Group recording an accounting profit after tax of $36,559,000 comprised as follows:

| | **$'000** |
|---|---|
| Cash consideration received, net of adjustments from effective date to completion date and net of cash included in disposal | 29,561 |
| Transaction costs | (1,256) |
| Net cash received | 28,305 |
| Fair Value of deferred consideration receivable post completion | 29,849 |
| **Total consideration net of transaction costs** | **58,154** |
| Carrying value of non-cash assets disposed | (62,512) |
| Carrying value of liabilities directly associated with assets disposed and included in the disposal | 40,917 |
| **Profit on disposal (after tax)** | **36,559** |

## 6. Cash and Cash Equivalents

| Cash at bank and on hand comprising: | **31 Dec 2021 $'000** | **30 June 2021 $'000** |
|---|---|---|
| Corporate (a) | 22,865 | 36,281 |
| Joint arrangements (b) | 778 | 878 |
| **Cash and cash equivalents per Balance Sheet** | **23,643** | **37,159** |
| Bank balances included in assets classified as held for sale | – | 6 |
| **Total cash and cash equivalents** | **23,643** | **37,165** |

(a) $4,184,000 of this balance relates to cash held with Macquarie Bank Limited to be used for allowable purposes under the Facility Agreement (30 June 2021: $11,112,000), including, but not limited to, operating costs for the Palm Valley, Dingo and Mereenie fields, taxes, capital expenditure and debt servicing.

(b) This balance related to the Group's share of cash balances held under Joint Venture Arrangements.

## 7. Trade and other receivables

| Current | 31 Dec 2021 $'000 | 30 June 2021 $'000 |
|---|---|---|
| Trade receivables | 80 | – |
| Accrued income and take or pay (a) | 3,661 | 5,628 |
| Deferred receivable from sale of interests in producing properties (b) | 26,905 | – |
| Other receivables | 218 | 456 |
| Prepayments | 1,165 | 1,027 |
| | **32,029** | **7,111** |

(a) Accrued income relates to the revenue recognition of hydrocarbon volumes delivered to customers but not yet invoiced. Accrued take or pay relates to amounts due from customers under the respective gas sales agreements where minimum contract quantities have not been taken during the contract year.

(b) Present value of amounts due from the sale of interests in the Amadeus Basin producing properties. These will be recouped by way of the purchasers funding the Group's share of certain future exploration and development projects.

## 8. Property, Plant and Equipment

| | Freehold land and buildings $'000 | Producing assets $'000 | Plant and equipment $'000 | Total $'000 |
|---|---|---|---|---|
| **30 June 2021** | | | | |
| Cost | 1,952 | 53,381 | 40,211 | 95,544 |
| Accumulated depreciation | (1,022) | (19,508) | (21,026) | (41,556) |
| **Net book amount** | **930** | **33,873** | **19,185** | **53,988** |
| **31 December 2021** | | | | |
| Opening net book amount | 930 | 33,873 | 19,185 | 53,988 |
| Additions | - | 6,055 | 2,546 | 8,601 |
| Changes to rehabilitation estimates | - | 136 | 2 | 138 |
| Transfer to assets held for sale and other disposals | - | (2,983) | (788) | (3,771) |
| Depreciation charge | (88) | (1,865) | (1,179) | (3,132) |
| **Closing net book amount** | **842** | **35,216** | **19,766** | **55,824** |
| **31 December 2021** | | | | |
| Cost | 1,952 | 56,590 | 41,966 | 100,508 |
| Accumulated depreciation and impairment | (1,110) | (21,374) | (22,200) | (44,684) |
| **Net book amount** | **842** | **35,216** | **19,766** | **55,824** |

At 31 December 2021, $2,020,000 of property, plant and equipment balances relates to assets under construction and is not subject to depreciation until complete (30 June 2021: $3,015,000).

## 9. Leases

### (a) Amounts recognised in the balance sheet

| | | 31 Dec 2021 $'000 | 30 June 2021 $'000 |
|---|---|---|---|
| (i) | Right-of-use assets | | |
| | Land and buildings | 1,015 | 1,211 |
| | Plant and equipment | 166 | 244 |
| | | **1,181** | **1,455** |
| (ii) | Lease liabilities | | |
| | Current | 469 | 517 |
| | Non-current | 776 | 992 |
| | | **1,245** | **1,509** |

### (b) Amounts recognised in the statement of profit or loss

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Depreciation charge of right-of-use assets | | |
| Land and buildings | 192 | 180 |
| Plant and equipment | 77 | 73 |
| | **269** | **253** |
| Interest expense (included in finance costs) | 44 | 38 |
| Expense related to short-term leases (included in cost of sales and general and administrative expenses) | – | 9 |
| Cash outflow for leases | 360 | 380 |

## 10. Borrowings

| | | 31 Dec 2021 $'000 | 30 June 2021 $'000 |
|---|---|---|---|
| (a) | Current | | |
| | Debt facilities | 34,809 | 36,000 |
| (b) | Non-current | | |
| | Debt facilities | — | 30,809 |

The debt facilities are structured as partially amortising term loans with a maturity date of 30 September 2022. The interest costs are based on fixed spreads over the periodic Bank Bill Swap (BBSW) average bid rate. The Group does not have any interest rate hedging arrangements in place.

Under the terms of the Facility, the Group is required to comply with the following key financial covenants:

1. The Group current ratio is at least 1:1, excluding amounts payable under the debt facility and certain liabilities associated with gas sale agreements with Macquarie Bank.
2. The Net Present Value with a 10% discount rate (NPV10) of forecasted net cash flow from the Palm Valley, Dingo and Mereenie gas fields limited by the sales of only Proved Developed Producing reserves, divided by the outstanding loan amount must be greater than 1:3:1.

The Group remains compliant with these and all other financial covenants under the facility.

## 11. Provisions

| | 31 December 2021 | | | 30 June 2021 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Employee entitlements (a) | 2,351 | 947 | 3,298 | 3,184 | 1,084 | 4,268 |
| Restoration and rehabilitation (b) | – | 23,796 | 23,796 | – | 23,466 | 23,466 |
| Joint Venture production over-lift (c) | 732 | 2,457 | 3,189 | 734 | 2,829 | 3,563 |
| **Total** | **3,083** | **27,200** | **30,283** | **3,918** | **27,379** | **31,297** |

### Movements in Provisions

| | Employee Entitlements (a) $'000 | Restoration and Rehabilitation (b) $'000 | Other (c) $'000 | Total $'000 |
|---|---|---|---|---|
| Carrying amount at 1 July 2021 | 4,268 | 23,466 | 3,563 | 31,297 |
| Additional provisions charged to profit or loss | 641 | 49 | (9) | 681 |
| Change in provision charged to property, plant and equipment | – | 138 | – | 138 |
| Unwinding of discount | – | 206 | – | 206 |
| Adjustment on sale of Amadeus Basin producing properties | – | (63) | – | (63) |
| Amounts used during the half-year | (1,611) | – | (365) | (1,976) |
| **Carrying amount at 31 December 2021** | **3,298** | **23,796** | **3,189** | **30,283** |

(a) *The current provision for employee entitlements includes accrued short term incentive plans, severance entitlements, accrued annual leave and the unconditional entitlements to long service leave where employees have completed the required period of service. The amounts are presented as current, since the Group does not have an unconditional right to defer settlement of these obligations. However, based on past experience the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Current leave obligations that are not expected to be taken or paid within the next 12 months amount to $691,000 (30 June 2021: $635,000).*

(b) *Provisions for future restoration and rehabilitation costs are recognised where there is a present obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas.*

(c) *Under an Interim Gas Balancing Agreement with its joint venture partners, the Group has taken a higher proportion of natural gas produced from the Mereenie joint venture than its joint venture percentage entitlement. A provision has been recognised to reflect the expected additional production costs of rebalancing production entitlements between the joint venture partners from future operations.*

## 12. Contributed Equity and Reserves

| | 31 Dec 2021 $'000 | 30 June 2021 $'000 |
|---|---|---|
| **Share capital** | | |
| 725,855,294 ordinary shares | 197,776 | 197,776 |
| (30 June 2021: 724,093,661 ordinary shares) | | |
| **Reserves** | | |
| Share options reserve | 29,928 | 29,094 |

| | Half-Year Ended 31 December | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| **Movements in share capital:** | | |
| Balance at start of half year | 197,776 | 197,776 |
| Issues of ordinary shares | - | - |
| Transaction costs | - | - |
| **Balance at the end of the half year** | **197,776** | **197,776** |
| **Movements in share options reserve:** | | |
| Balance at start of the half year | 29,094 | 27,238 |
| Share based payments costs | 836 | 921 |
| Transaction costs | (2) | (4) |
| **Balance at the end of the half year** | **29,928** | **28,155** |

| | 2021 | 2020 |
|---|---|---|
| | **No. of securities** | **No. of securities** |
| **Movements in ordinary shares on Issue during the half-year:** | | |
| Balance at the beginning of the half-year | 724,093,661 | 723,288,869 |
| Exercise of employee share rights under LTIP | 1,761,633 | 153,520 |
| **Balance at the end of the half-year** | **725,855,294** | **723,442,389** |

## 12. Contributed Equity and Reserves *(continued)*

**Movement in Employee Share Rights**

| Class | Expiry Date | Plan Year Commencing | Balance at start of period | Issued during the period | Cancelled or lapsed during the period | Exercised during the period | Balance at the end of the period |
|---|---|---|---|---|---|---|---|
| Employee LTIP rights | 03 Oct 2022 | 1 Jul 2017 | 13,698 | – | – | – | 13,698 |
| Employee LTIP rights | 22 May 2024 | 1 Jul 2018 | 6,256,980 | – | (6,123) | (1,761,633) | 4,489,224 |
| Employee LTIP rights | 12 Nov 2024 | 1 Jul 2018 | 1,837,109 | – | - | – | 1,837,109 |
| Employee LTIP rights | 30 Jun 2024 | 1 Jul 2019 | 6,822,406 | – | (203,466) | – | 6,618,940 |
| Employee Deferred Share rights | 30 Jun 2025 | 1 Jul 2019 | 3,692,054 | – | – | – | 3,692,054 |
| Employee LTIP rights | 30 Jun 2025 | 1 Jul 2020 | 9,917,120 | – | (365,117) | – | 9,552,003 |
| Employee LTIP rights | 30 Jun 2026 | 1 Jul 2021 | – | 450,780 | – | – | 450,780 |
| Non-Executive Director Rights[1] | 30 Jun 2026 | 1 Jul 2021 | – | 850,421 | – | – | 850,421 |
| **Total** | | | **28,539,367** | **1,301,201** | **(574,706)** | **(1,761,633)** | **27,504,229** |

[1] *The number of Non-Executive Director share rights granted is determined based on the dollar value of the relevant Director's Base Fee elected to be sacrificed (up to a maximum of 25%), divided by the weighted average price of the Company's shares calculated in accordance with the offer terms. The rights automatically vest on 30 June 2022.*

**Movement in Options**

| Class | Expiry Date | Exercise Price | Balance at start of period | Issued during the period | Cancelled or lapsed during the period | Exercised during the period | Balance at the end of the period |
|---|---|---|---|---|---|---|---|
| Executive Options | 30 Jun 2023 | $0.20 | 18,151,116 | – | (930,070) | – | 17,221,046 |
| **Total** | | | **18,151,116** | **–** | **(930,070)** | **–** | **17,221,046** |

## 13. Contingencies and Commitments

### (a) Exploration and Capital Commitments

The Group has the following capital expenditure commitments:

| | Consolidated | |
|---|---|---|
| | **31 Dec 2021 $'000** | **30 June 2021 $'000** |
| Due within one year | 800 | 3,159 |
| **Total** | **800** | **3,159** |

The Group has contingent exploration expenditure commitments on various permit areas held in Australia:

| | Consolidated | |
|---|---|---|
| | **31 Dec 2021 $'000** | **30 June 2021 $'000** |
| Within one year | 24,536 | 11,742 |
| Later than one year but not later than three years | 43,650 | 56,400 |
| **Total** | **68,186** | **68,142** |

## 13 Contingencies and Commitments *(continued)*

These commitments may be varied in the future as a result of renegotiations of the terms of exploration permits. In the petroleum industry it is common practice for entities to farm-out, transfer or sell a portion of their rights to third parties or relinquish (whole or part of the permit) and, as a result, obligations may be reduced or extinguished.

### (b) Contingent Liabilities

There were no changes to contingent liabilities as outlined in the previous annual financial report to 30 June 2021.

## 14. Post Balance Date Events

**Farmout to fund two new sub-salt exploration wells in the Amadeus Basin**

On 9 February 2022, the Group announced it had entered into a farmout of various interests in certain Amadeus Basin exploration tenements to Peak Helium (Amadeus Basin) Pty Ltd (Peak). Under the farmout the Group will be free carried by Peak for its share of the cost of two new sub-salt exploration wells (capped at $20 million gross cost per well), one at Mt Kitty (EP125) and the other at either Magee or the nearby Mahler prospect (both in EP82). These two new wells and the planned Dukas exploration well in EP112 mean a total of three sub-salt exploration wells will now be prioritised for drilling in the Southern Amadeus Basin in 2023.

Peak will earn a partial transfer of the Group's interests in the three permits as follows:

- 31% in EP82, excluding the Dingo Satellite Area (the Group's interest will change from 60% to 29%)
- 10% in EP112 (the Group's interests will change from 45% to 35%)
- 6% in EP125 (the Group's interest will change from 30% to 24%)

**Review of oil and gas reserves**

On 3 March 2022, the Group announced an independently certified (NSAI) update of its certified oil and gas reserves, as at 31 December 2021:

| Oil and Gas Reserves and Resources CTP Share | As at 30 June 2021 (PJe) | Production 1 July 2021 To 31 Dec 2021 (PJe) | Disposal adjustment on Completion (PJe) | Other Adjustments (PJe) | As at 31 Dec 2021 (PJe) |
|---|---|---|---|---|---|
| 1P | 118.1 | (3.4) | (59.6) | 7.1 | **62.2** |
| 2P | 151.7 | (3.4) | (76.4) | 3.5 | **75.4** |
| 3P | 195.9 | (3.4) | (98.5) | (1.8) | **92.2** |
| 2C | 240.5 | - | (52.7) | - | **187.8** |

There were no other events that occurred subsequent to 31 December 2021 and up to the date of this report that will affect the Group's operations, result or state of affairs.

## 15. Related Party Transactions

There were no related party transactions during the period.

# DIRECTORS' DECLARATION

31 December 2021

In the Directors' opinion:

(a) the financial statements and notes set out on pages 11 to 25 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that Central Petroleum Limited will be able to pay its debts as and when they become due and payable, and

This declaration is made in accordance with a resolution of Directors.

**Michael (Mick) McCormack**
Chair

Brisbane
9 March 2022

# INDEPENDENT AUDITOR'S REVIEW

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## Independent auditor's review report to the members of Central Petroleum Limited

### Report on the half-year financial report

#### Conclusion

We have reviewed the half-year financial report of Central Petroleum Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Central Petroleum Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Material uncertainty relating to going concern

We draw attention to Note 1(a) in the half-year financial report, which indicates that the Group has an outstanding debt balance which is maturing in September 2022. As a result, the Group is reliant on being successful in extending or refinancing the debt or obtaining alternative funding such as through equity issues or the sell-down or farm out of the assets to enable it to continue its normal business activities. These conditions, along with other matters set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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### Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Marcus Goddard
Partner

Brisbane
09 March 2022

# CORPORATE DIRECTORY

31 December 2021

## Directors

Mr Michael (Mick) McCormack BSurv, GradDipEng, MBA, FAICD, Non-Executive Director and Chair
Mr Leon Devaney BSc MBA, Managing Director and Chief Executive Officer
Mr Stuart Baker BE(Elec), MBA, Member AICD, Non-Executive Director
Mt Stephen Gardiner BEc (Hons), FCPA, Non-Executive Director
Ms Katherine Hirschfeld AM, BE(Chem) UQ, HonFIEAust, FTSE, FIChemE, FAICD, Non-Executive Director
Dr Agu Kantsler BSc (Hons), PhD, GAICD, FTSE, Non-Executive Director

## Group General Counsel and Company Secretary

Mr Daniel C M White LLB, BCom, LLM

## Registered Office

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## Auditors

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## Stock Exchange Listing

Central Petroleum Limited shares are listed on the Australian Securities Exchange under the code CTP.