

Central Petroleum Limited Annual Report to Shareholders

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Brisbane, Australia (ABN Newswire) - [Central Petroleum Ltd.](#) (ASX:CTP) (OTCMKTS:CPTLF) is now poised to unlock the undoubted shareholder wealth that has been latent for so long. Santos has committed to Stage 2 of the Farm-in for the Southern Amadeus Joint Venture. Drilling at Mt Kitty has proved that the Southern Amadeus is hydro-carbon charged and has helium to contribute handsomely to the economics of development. The drilling for the Southern Georgina joint venture with Total has also commenced.

Underpinning this exploration, Central became both an oil and gas producer by April this year. Oil is being produced at Surprise and gas is being produced at Palm Valley as a result of the acquisition from Magellan Petroleum. The Dingo Field is being developed with the first gas expected to flow next year. Central reacquired the retention leases at Ooraminna. At each of Palm Valley, Dingo and Ooraminna, Central has an interest in the under-explored acreage surrounding those discoveries.

As the Company's operations expanded, so too has our commitment to the economic future of the Traditional Owners. Within 3 months of the Company becoming both an oil and gas producer we have over 30% of our production workforce sourced from the local traditional owners.

Whilst aggressively growing oil production, exploration continues to be a cornerstone of our business strategy, and our progress over the past 12 months has positioned the Company to take advantage of one of the most exciting (and energy market transforming) infrastructure opportunities within Australia. We are now seeing a real opportunity to transition from a small company with enormous exploration acreage within a constrained domestic gas market, to a company with enormous acreage capable of supplying a large domestic market when that market is facing a gas shortage. We believe this will have once-in-a-generation change in Australia's domestic gas market, making for a more deep, liquid and transparent pricing gas market which can only serve to benefit Australia's gas users.

There has been substantial public commentary about the looming eastern seaboard gas shortage in the near future (3-5 years), initially in the financial press but now in the front pages of the mainstream press and government talking points.

The size of this problem means that the nation has no "silver bullet" solution. The national interest requires a lifting of the exploration moratorium in NSW and Victoria, increased contribution from the Bass Strait and the Cooper Basin, shale gas exploration, and for the Northern Territory supply to be connected to the eastern seaboard, optimally through Moomba.

Further, the addition of multi-sourced aggregated 6 trains of LNG to the Eastern Seaboard demand profile combined with new and diverse gas resources within the NT create the economic conditions conducive to a major micro-economic reform of the energy sector leading to the advent of a deep and liquid gas market.

In the past the absence of a deep and liquid market was a major barrier to the creation of a spot market. Without a spot market, an explorer on discovery required to enter into a bilateral contract with a user or an aggregator. To get such a contract, the explorer had to prove up sufficient reserves to cover the whole of the contract which required capital to be expended prior to the entry into sales negotiations. With a deep and liquid market Australia can create a National Balancing Point - an Australian benchmark like the "Henry Hub".

The benefit for the exploration sector of such a development coupled with a pipeline from Alice Springs to Moomba, cannot be overstated. The barriers to entry to the gas market for gas explorers - so high for so long - would be dismantled immediately. The ensuing competitive forces create the right climate long term for Australia to have an internationally competitive efficient gas market to the benefit of both gas consumers and suppliers.

Most importantly for explorers, access to market would no longer have to await the accumulation of sufficient reserves to enable a bilateral long-term contract as the spot market would be able to consume any initial supply.

As a gas producer with significant reserve growth potential, Central is now positioned to be involved in

causing this critical piece of Australian energy infrastructure. Whilst we have no aspirations to own such a pipeline this has been a priority for your Company. We are hopeful that our nation has the political will to embrace this huge productivity enhancing step.

Central will obviously benefit from such a development but so will the nation. Our focus to date is to position your Company to take advantage of this nation-building reform.

(Managing Directors Letter to Shareholders in the annual report) To view the annual report, please visit: <http://media.abnnewswire.net/media/en/docs/ASX-CTP-693022.pdf>

About Central Petroleum Limited:

[Central Petroleum Ltd.](#) (ASX:CTP) (OTCMKTS:CPTLF) is an ASX listed junior exploration and production company operating the largest holding of prospective onshore acreage in Australia totalling over 270,000 km², c.70 million acres. This acreage includes permits already awarded and acreage under application with 250,000 km² under the Petroleum Acts and 20,000 km² under the Mining Acts mainly in the Northern Territory with smaller holdings in Western Australia, South Australia and Queensland.

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