

Central Petroleum Limited: Chairman's Address to Shareholders

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Brisbane, Australia (ABN Newswire) - This is my second Annual General Meeting address to shareholders of [Central Petroleum Ltd.](#) (ASX:CTP) as Chairman of the company. I was appointed Chairman in April 2013 after briefly filling the role of Deputy Chairman.

The Annual Report provides a thorough summary of the events that took place during the last 12 months and we are very proud of our Company's achievements. Unfortunately the current oil price and share price have let us down and we will address both of these subjects during the meeting.

This past year has been the most productive one in Central's history. It included commencement of oil production from Surprise, purchase of the Magellan assets which transformed us into a gas and oil producer, encouraging results from the Mt Kitty well, the commencement of development at Dingo, the recovery of gas saturated cores at Gaudi over a 300 metre interval in the rich Arthur Creek Shale and, more recently, the signing of a 15 PJ/year gas sales heads of agreement over ten years with Incitec Pivot. Our Managing Director has also worked tirelessly in conducting high-level discussions with the Northern Territory Government and others, promoting the gas interconnect to the East Coast. We believe the pipeline will give a significant boost to value of Central.

Today's meeting provides an excellent opportunity for the Board, Management and staff to meet with shareholders to provide an update on recent activities. I encourage all of you to take the opportunity to speak with us today and ask any questions you have.

I know many of our shareholders attended the Investor Briefings arranged by the Central Petroleum Shareholders Association (CPSA) in Sydney, Melbourne and Perth during last week, where our Managing Director, Richard Cottee, discussed the company's current position and future outlook. For shareholders here today that did not attend one of those meetings, Richard Cottee plans to cover the matters he raised in those presentations here today so none of you miss out. I attended the presentation in Melbourne with around 35 other shareholders and have to say that there were some very probing questions that I hope were answered to shareholder satisfaction. The CPSA meetings were conducted by Robin Judd and Simone Phillis and I would like to specifically express our thanks and appreciation for their efforts. Robin gave an excellent "independent" introduction which traced the progress of the company from inception. He articulated how far better placed we are now than we were two years ago. Our plans are coming together.

During this calendar year all of the legal action initiated by the previous Managing Director against your company and Directors of the company was settled and we have moved on. This distraction was not pleasant and fortunately the costs were largely covered by insurance.

At the last AGM I provided a few words on the reasons why I have a personal interest in your company. It originates largely from my frontier exploration background and a firm belief that the Central acreage portfolio is world class, from an exploration perspective, for conventional and unconventional gas and (some) oil. I am personally very interested in our operations and this year made visits to Surprise, Palm Valley, Dingo and more recently went out to Gaudi-1. We arrived as they pulled the first core which was quite exciting for me as a geologist. These visits are valuable and also enable me to get a first-hand insight into the efficiency and safety of our operations. The guys out in the field work pretty hard in difficult conditions. What one also realises is the vast distances we have to travel to these remote areas, and the costs involved.

Central's acreage holdings, which cover an area about the size of France, are extensive by global standards and contain rich source rocks that are largely gas prone. Our exploration efforts have hardly scratched the surface. The Northern Territory interconnect, will justify further drilling at Palm Valley and Dingo where we have infrastructure, and also more wildcat drilling in the vicinity.

The farm-outs consummated with both Santos and Total are the best way for us to fulfil government commitments, explore the acreage, maintain title, and more importantly, ensure success as we cannot fund the level of exploration required alone. We have not come to shareholders seeking additional funds for quite a while. It is a difficult capital market at present so we are currently looking at other farmout opportunities.

I believe that your company is in an even stronger position than it was a year ago with a clear plan and

focus. We have done many things to move the company forward as we promised, and there should not have been any surprises to those who watch the company carefully on a day-to-day or even monthly basis. Might I say that many of these changes have been initiated by Richard Cottee and his Management team since Richard joined the company as Managing Director in July 2012.

The recent slump in oil price is likely to be short term in my opinion, and slowly return to approach the \$100/barrel level (we are not seriously impacted at Surprise because we have significantly reduced operating costs). The last time there was a slump of this magnitude was during the Global Financial Crisis. There doesn't seem to be any single event that has triggered the slump this time round.

The increase in unconventional liquids production in the US is partially to blame, as is:

- Libyan production coming back faster than predicted;
- Slowing of demand by the Asian and Western economies; and
- ISIS Activity related to their overrunning of production and sales to Turkey at a discount.

Meanwhile the Saudis seem comfortable to sit there and wait it out while global tanker demand is increasing as presumably others believe the slump will be short-lived.

Turning now to the share price. Despite the sound business decisions that have been made in the past 12 months we are all aware that our share price is depressed, but we have noted all small resources stocks are suffering the same fate and this is due in part to the attraction of investors to the banks and overseas markets which have performed exceptionally well recently. Interest in small resources stocks in Australia is low at the moment and turnover is not there. Nonetheless, from a business perspective, we are performing better than most and I am optimistic a turnaround is not far off.

During the year a number of quite negative postings have appeared on various public chat sites criticising Central and its leadership. Personally, up until recently I have not paid much attention to these sites, as many of the comments are incorrect, or ever got too worried about what is posted as some of the comments are fair and as a Board we understand the reasons for them. However, it is unacceptable for comments of a personal nature which are, or verge on being, defamatory to be published.

Central has an internationally experienced Board and Management team and I am very proud to be associated with the company. We have been criticised for having too many Directors. This is in part due to our plans to make orderly transitions and you are aware that during the year Professor Peter Moore joined the Board following a career with Delhi, Exxon and Woodside from where he retired as Executive Vice President Exploration.

In addition we welcomed Tom Wilson who had a distinguished career with Apache. Their experience has strengthened the skills of the Board. Bill Dunmore and Mike Herrington are not standing for Board re-election today. Bill has been on the Board since inception and has a wealth of knowledge gained over the ten years which we draw on. His production and reservoir engineering skills have been a great help to Mike who will continue as Chief Operating Officer, a full time role now that we have ongoing exploration, production and development. Joint company Secretary Bruce Elsholz retired in November after five years of distinguished service. Bruce has been replaced as Company Secretary by Joseph Morfea who is a seasoned professional and came to us from Magellan.

Advice and the handling of matters with traditional owners is led by our consultant Bob Liddle. He is highly respected and plays a very important role in the company. I would also like to acknowledge his contributions.

Following this AGM we will have a Board of six comprising four independent Directors, a Managing Director and Tom Wilson, who is nominated by Magellan and is Non Independent.

Richard Cottee's three year contract through Freestone expires in June 2015 and we are progressing discussions with him to come onto staff as an employee by expiry of that contract. There is no doubt that Richard has almost single-handedly promoted progress we have seen to supply NT gas into the Eastern States. His vision has got the attention of the politicians, State and Federal, and the inter-connect now seems possible.

I have advised the Board that I will step down as Chairman in July next year following my 70th birthday and, if all goes well, retire at the 2015 AGM allowing time for an orderly transition with a new Chairman.

We relocated our office from Toowong to the Brisbane CBD during October and the move was a cost effective one for the company. Our staff is loyal, morale is high, and there is stability with few resignations.

Relationships with our joint venture partners are sound.

Lastly and importantly I would like to thank my fellow Directors and record on behalf of shareholders our appreciation to Richard Cottee and his team which has continued to meet targets during difficult times and I am sure we all look forward to the team's further exploration success while we move ahead cost effectively and safely with our production initiatives.

Thank you for your attention and I will now proceed with the formal part of the meeting. As usual, our Managing Director Richard Cottee will address you with more of the specifics of our operations and plans for the future after the formalities are concluded.

Andrew Whittle
Chairman
November 2014

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.

Source: [Central Petroleum Ltd.](#)

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