

Central Petroleum Limited

# Shareholder Information Session

Brisbane - Friday, 12 May 2017

## Concerning the Proposed Scheme of Arrangement

The following will apply to the conduct of this meeting:

- no information other than that contained in the Scheme Booklet will be discussed
- minutes of the meeting will be taken, which will include a record of questions and answers
- the minutes and records of the meeting will be exhibited to an Affidavit filed at the second court hearing on 7 June 2017.

*To ensure the minutes are accurate, this meeting is being audio recorded*



# Chairman's Introduction

Welcome here today to this Central Petroleum Limited shareholder information session in relation to its proposed scheme of arrangement. I would also like to welcome those shareholders participating via the internet. My name is Robert Hubbard and I am the Chairman of Central Petroleum and will act as Chairman of today's meeting. I am accompanied by Richard Cottee, the Managing Director of Central, and Brett Heading of Jones Day who has been Central's legal adviser in relation to the Scheme.

There is neither a formal agenda nor any resolutions before the meeting today. Rather, today is an opportunity for Richard and me to explain the proposal outlined in the Scheme Booklet and respond to any questions that you may have. The Scheme Booklet provides you with information necessary for you to consider before voting on the Scheme Resolution at the Scheme Meeting scheduled for 5 June.

The proposed Scheme of Arrangement is a legal process under the Corporations Act. The Scheme Booklet has been registered by ASIC. The Supreme Court approved the Scheme Booklet for distribution to shareholders and the convening of a meeting of shareholders at 10:30am on 5 June 2017. Consequently, even if shareholders vote in favour of the Scheme at its meeting 5 June it will not be effective until the Court approves the Scheme at a second court hearing on 7 June. It is therefore very important that I outline for you what we are able to discuss today.

The Scheme Information Booklet is a comprehensive document; at over 430 pages the Central Board believes it contains all the information necessary for you to arrive at your voting decision. The Booklet amongst other things summarises the terms of the Scheme, reasons to vote for or against the Scheme, details on the Contingent Value Notes and the conclusions of the independent expert Ernst and Young. Further, the Booklet contains the basis upon which your Directors have unanimously recommended that you vote in favour of the Scheme Resolution in the absence of a superior offer.



## Chairman's Introduction (continued)

It is not usual for Shareholder Information Sessions such as this to be held in advance of the Scheme Meeting. However, the Central Board felt that given the comprehensive nature of the Booklet it would be beneficial for shareholders, as part of their voting deliberations, to be given the opportunity to ask questions of their Directors on the Booklet prior to the formal meeting. Accordingly, the meeting will be conducted in the following manner:

1. no information other than that disclosed in the Scheme Booklet will be discussed at the meeting,
2. minutes and records of the meeting will be kept, and
3. we confirm to the Court by Affidavit that no supplementary information was discussed at the meeting.

Consequently, we have decided to record today's deliberations to ensure we can clearly demonstrate we have complied with the above requirements. It may also be necessary for me determine that certain questions are outside the information disclosed in the Booklet. However, within this framework we will endeavour to answer all your questions.

I will now pass over to Richard who will outline the key reasons why your Directors have arrived at their recommendation. I will then open the meeting for questions from Shareholders. When asking your question, could you please identify yourself and confirm the shareholding that you represent.



# Director's Rationale

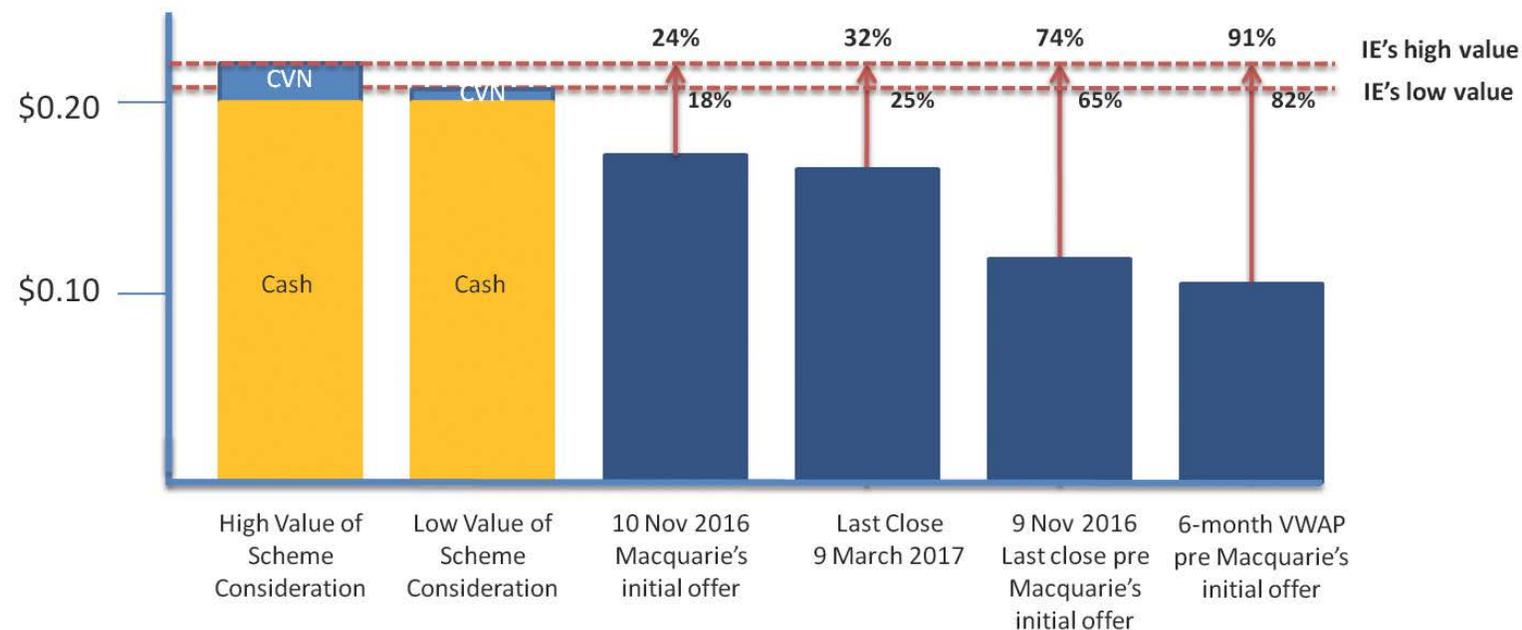
- The value of Central's foundation exploration acreage has significantly declined in the current oil price environment, as evidenced by Total S.A.'s withdrawal from the Southern Georgina joint venture and the assessment of the Independent Technical Specialist. The Scheme Consideration retains some exposure to Central's near term exploration targets through the Contingent Value Note. However, the vast majority of the consideration is a consequence of the value created by Central's pivot to gas three years ago
- Central's most valuable gas asset is Mereenie, since it is most capable of responding to the domestic gas shortfall. The offer compares favourably to the acquisition price of the remaining 50% interest which was recently sold by Santos to MQG for \$52 million
- Central will need to raise capital to exploit the East Coast gas market opportunity. Central estimates that Mereenie requires at least two wells and six to eight workovers, which together with an appraisal well at Ooraminna and a replacement well at Dingo will have an estimated cost of \$42 million
- Central is highly geared with limited additional borrowing capacity. The current operating cash flows of Central, at \$70/bbl oil merely cover debt servicing, operational and maintenance costs and overheads leaving no room for field development capital or the capacity to sustain another period of low oil prices
- Central Shareholders have been reluctant to support the capital needs of the Company. The 2015 share purchase plan only had take-up from 279 shareholders (or 3.19% of total shareholders) and Central's 2011 share purchase plan had to be withdrawn through lack of support



## Director's Rationale (continued)

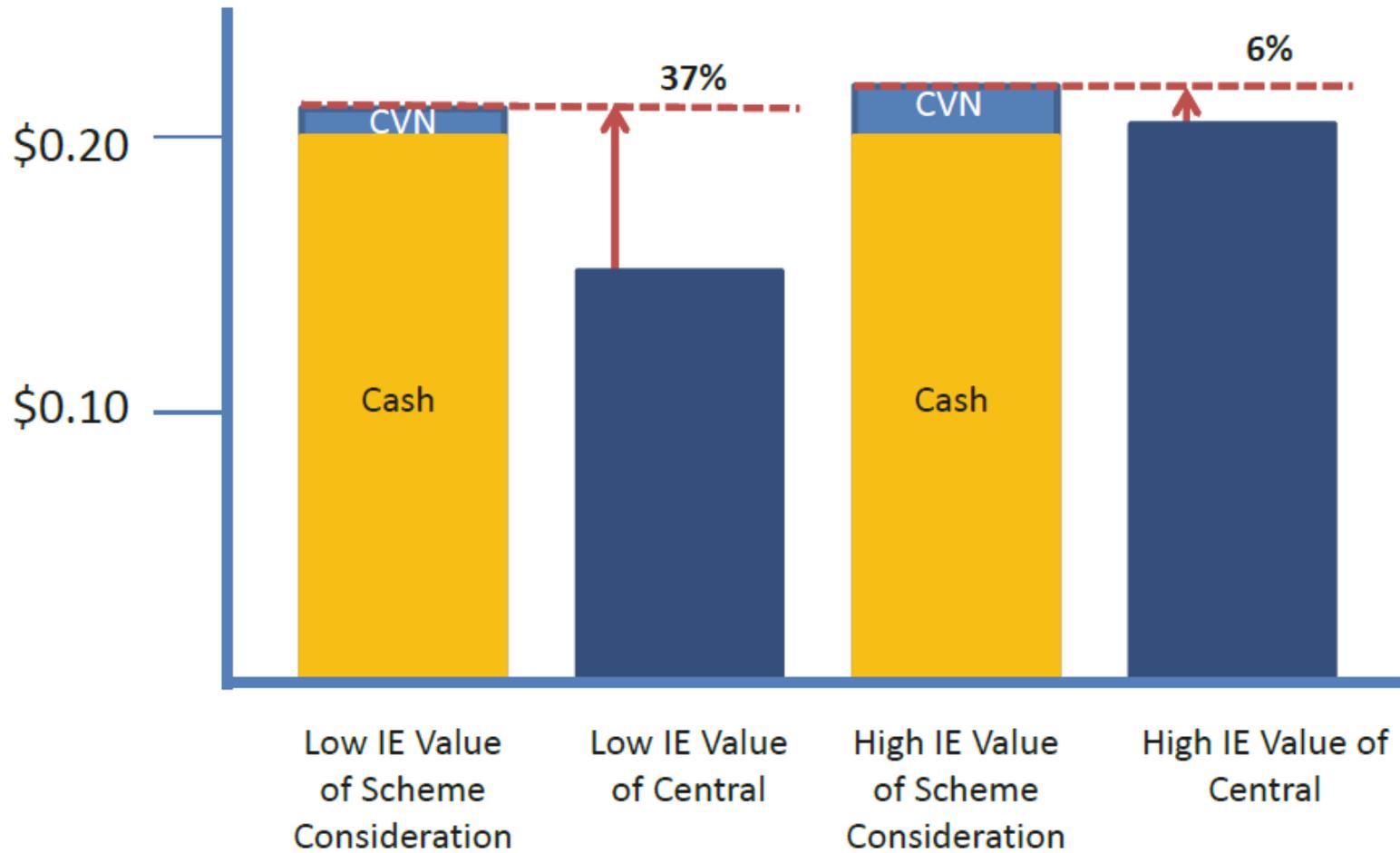
- Central's historical share price performance and the trading price of 15 cents immediately prior to the Directors' recommendation provide little room for confidence that an equity raising could be achieved, other than at a price that would be highly dilutive to current Central Shareholders
- Despite substantial efforts approaching over 80 groups to seek alternatives to Macquarie MPVD's proposal, no Superior Proposal has emerged and the Central Board is not aware of any Superior Proposal that is likely to emerge.

**Premium of Scheme Consideration value relative to recent trading prices**



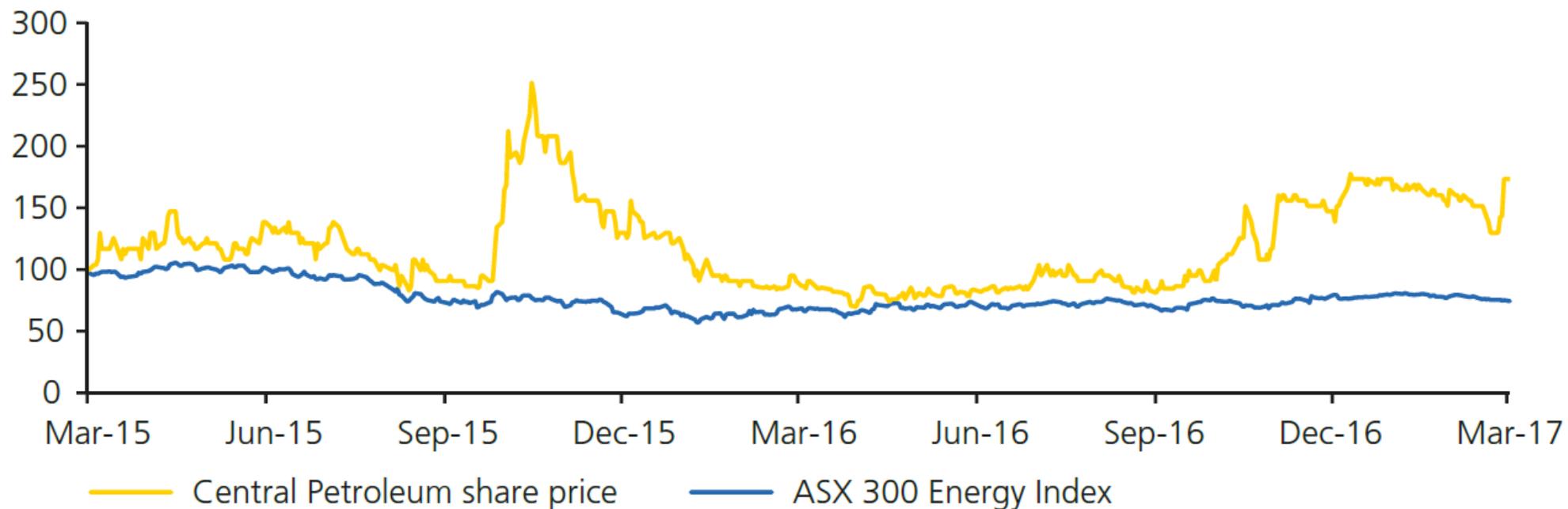
Source: Scheme Booklet, page 26

## Value of Scheme Consideration relative to IE Value of Central



Source: Scheme Booklet, page 25

## Central Share Price vs ASX 300 energy index

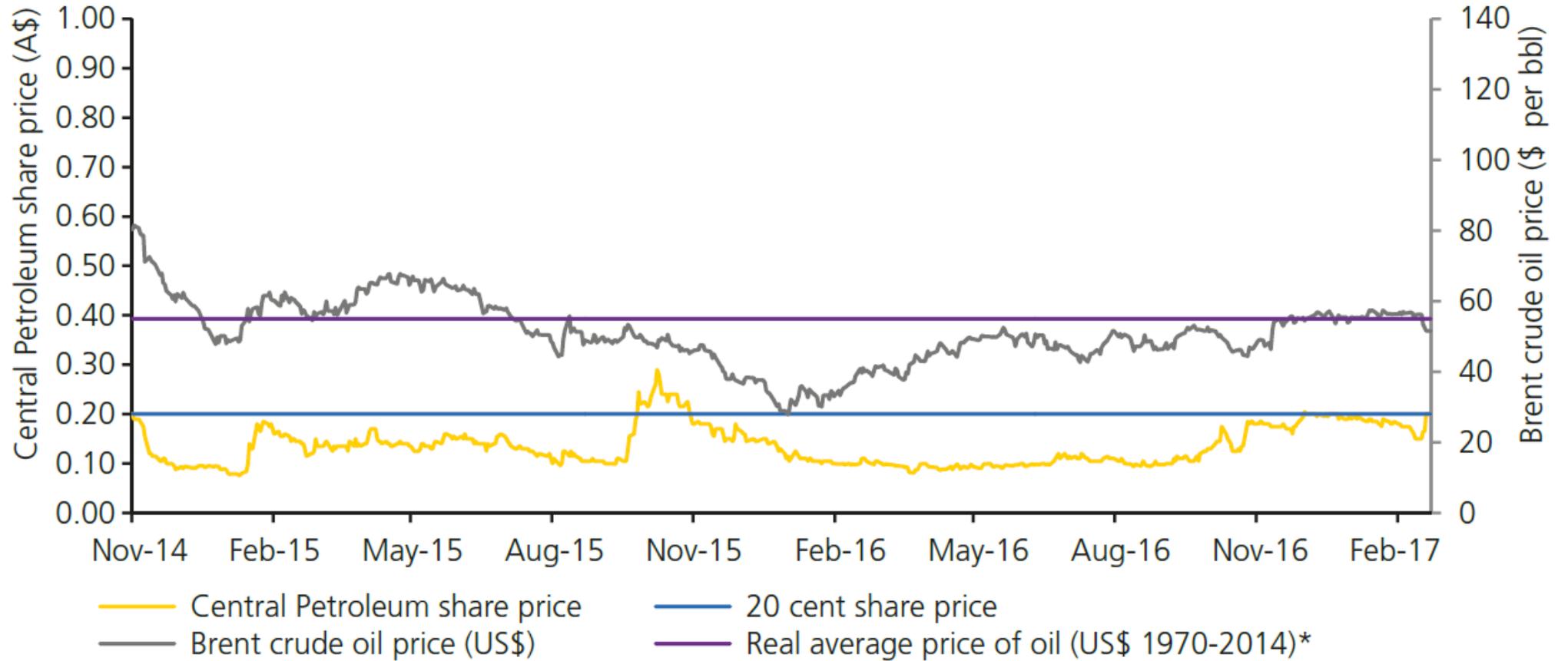


Source: Independent Expert's Report, page 40

See Scheme Booklet, page 29



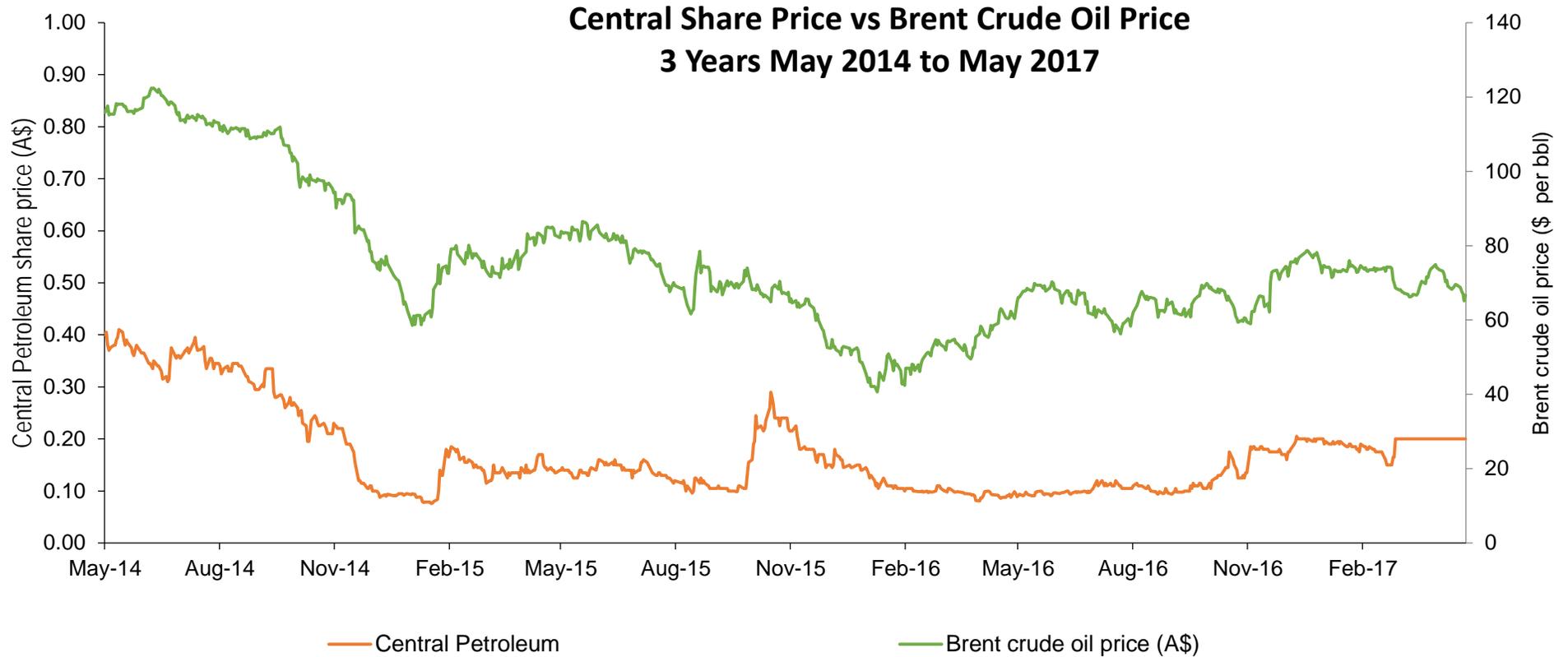
## Comparison Central Share Price Performance



\* Source: ACCC Inquiry into the east coast gas market (page 56)

See Scheme Booklet, page 25





Source: S&P Capital IQ as at 31 March 2017

See Scheme Booklet, page 148

- From May 2014: Oil price dropped 43% | CTP dropped 51%
- From May 2015: Oil price dropped 21% | CTP rose 33%



# Scheme Meeting

The Scheme Meeting is scheduled as follows:

Time: 10:30am

Date: 5 June 2017

Venue: Christie Corporate Centre  
Caribbean Room, Level 1, 320 Adelaide Street, Brisbane

For those who have not yet voted, you can register your vote online via the following link:

<https://www.investorvote.com.au/Login>



# Disclaimer

General Disclaimer and explanation of terms:

This document may contain forward-looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which may be outside the control of the Company and could cause actual results to differ materially from these statements. These risks, uncertainties and assumptions include (but are not limited to) funding, exploration, 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, cost estimates and other risk factors described from time to time in the Company's reports filed with the ASX. 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, its agents, directors, officers, employees, advisors and consultants do not undertake any obligation to publicly 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) "believe," "understand", "estimate," "anticipate," "plan," "predict," "target," "may," "hope," "can," "will," "should," "expect," "intend," "projects", "is designed to," "with the intent," "potential," the negative of these words or such other variations thereon or comparable terminology or similar expressions or future may indicate a forward looking statement or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature and not historical facts.

No right of the Company or its subsidiaries shall be waived arising out of this document. All rights are reserved.

