

Central Petroleum Limited

ABN 72 083 254 308

Interim Report

31 December 2013

Central Petroleum Limited
ABN 72 083 254 308

Contents
31 December 2013

Directors' report	1
Auditor's declaration of independence	6
Consolidated statement of comprehensive income	7
Consolidated balance sheet	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	17
Independent review report	18
Corporate directory	20

Central Petroleum Limited
ABN 72 083 254 308

Director's report
31 December 2013

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 2013.

Directors

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

Andrew P Whittle
Richard I Cottee
Michael R Herrington
Wrixon F Gasteen
William J Dunmore
Robert Hubbard (appointed 6th December 2013)

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

Principal Activity

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

Highlights for the half year reporting period and up to the date of this Report

- The Company, as Operator, completed a \$7million 2D seismic acquisition program across ATP's 909, 911 and 912 in the Queensland portion of Southern Georgina Basin. 974 line kilometres of data were acquired and subsequently processed.
- Stage 1 of the Southern Georgina ("SG") Joint Venture work program was expanded by US\$35 million to US\$ 95 million and the timing to complete Stage 1 was extended to August 2015. The SG Joint Venture participants are Central and farm-in party Total GLNG Pty Limited ("Total").
- An agreement was signed to purchase the onshore assets of Magellan Petroleum Australia for A\$35 million on 19 February 2014. The assets consist primarily of the Palm Valley and Dingo fields near Alice Springs. The purchase price comprises \$20 million cash and approximately 39.5 million Central Petroleum shares.

The \$20 million cash component is fully funded by a loan facility from Macquarie Bank which is to be serviced by production revenue from the acquired assets.

In addition to existing producing reserves, the acquisition includes significant in-place compression, processing and transportation infrastructure, 4 producing wells at Palm Valley and 2 existing wells ready for production at the Dingo Field.

- The award of N.T. Production Licence #6 for the Surprise Oil Field Development on 25 February 2014. This is the first Production Licence granted in onshore Northern Territory since passing the Native Title Act 1993.
- The 2D seismic under the NW Mereenie and Southern Amadeus Joint Venture totalling 1,910 kms was completed during the period and is presently being processed by the Operator.

Central Petroleum Limited
ABN 72 083 254 308

Director's report
31 December 2013

Outlook

The Company believes that the grant of N.T Production Licence #6 covering the Surprise Oil Field and surrounding acreage and the purchase of Magellan's Australian onshore acreage are milestones for Central in its drive to shift from explorer to multi-field producer in both oil and gas markets.

Development of the known hydrocarbon reserves in the Company's acreage and, in the Company's view, the enormous potential for further gas discoveries in the wider Amadeus Basin at increasing profitability auger well for the establishment of an onshore gas hub in the southern portion of the Northern Territory. As a result of the delay in issuance of the Production Licence the Company was unable to confirm in time its drilling slot for Surprise East in March and has a slot confirmed after the rig is released from its subsequent job. Drilling is now scheduled for mid-late 2nd quarter 2014.

A sustainable industry in this region will have a positive impact on the lives of the Traditional Owners on whose land the facilities are built, as well as for the Northern Territory as a whole.

Over time Central looks forward to playing an important role in inter-connecting Central Australia to the eastern seaboard gas network possibly through Moomba.

Central is also working with its joint venture partner Total, in the Queensland portion of the Southern Georgina Basin where the consortium will be drilling a series of wells exploring for unconventional hydrocarbon resources. The drilling program is anticipated to commence before the middle of calendar year 2014.

The LNG projects in Australia will continue to drive demand for domestic gas into the foreseeable future.

Review of Operations and other Joint Venture Activities

Farmouts

Southern Georgina Joint Venture

(Total spending 80% of an up to US\$190 million staged farm-in program in the Southern Georgina Basin in central Australia)

The Joint Venture acquired 974 kilometres of regional 2D seismic to progress evaluation of unconventional plays in the Toko Syncline.

Following completion of the successful seismic program in the Southern Georgina Basin the Company was able to renegotiate the framework for the Total farm-in. Stage 1 of the Southern Georgina Joint Venture work program was expanded by US\$35 million to US\$ 95 million. The increased expenditure will allow for multi-zone production tests of some wells subject to satisfactory results from the initial core hole exploration program.

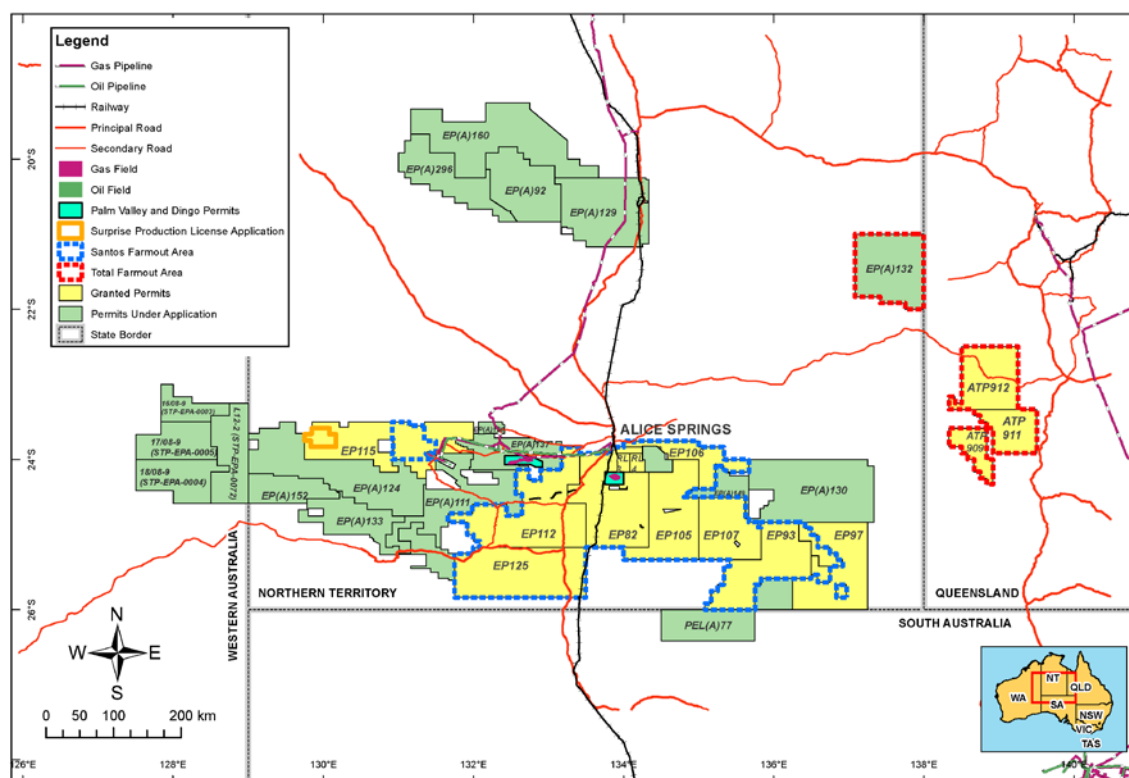
Amadeus and Pedirka Basins Joint Venture

(Santos spending up to A\$150 million in a farm-in program to further exploration and potential development of up to 13 permit/application areas in the Amadeus and Pedirka Basins in central Australia).

The Joint Venture acquired 323 kilometres of 2D seismic in the greater Mereenie oil field area targeting conventional and unconventional plays. The Joint Venture also acquired 1,587 kilometres of regional 2D seismic in the Southern Amadeus Basin.

Director's report
31 December 2013

In EP 125 (Southern Amadeus) the Joint Venture drilled the top hole of an exploration well on the large sub-salt Mt Kitty prospect. The bottom hole is scheduled to be drilled in the during the first half of calendar year 2014.



Petroleum Granted Licence and Application Interests held by Central Petroleum Limited subsidiaries

Exploration Review

The Company undertook a comprehensive review of its exploration data in order to develop an exploration strategy for Central. This review took into account the work programs agreed with joint ventures in the Amadeus and Southern Georgina Basins. The strategy takes into account permit programs, prospectivity, the economics of development (if successful), and the potential for further farm-outs.

Financial Review

The group ended the half year period with \$12,464,808 in cash, inclusive of its share of cash held in Joint Venture bank accounts. The cash position was supported by a share placement for \$9,958,846 (net of costs) and a research and development tax incentive refund of \$5,887,231, both received in July 2013 respectively.

The Group's loss after tax from continuing operations for the half year ending 31 December 2013 was \$6,443,514. The loss includes exploration expenditure of \$2,855,666. This includes \$2,059,186 in relation to exploration expenditure incurred on the Southern Georgina Joint Venture with Total.

Central Petroleum Limited
ABN 72 083 254 308

Director's report
31 December 2013

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 6.

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



Richard Cottee
Managing Director
7 March 2014

Central Petroleum Limited
ABN 72 083 254 308

Director's report
31 December 2013

Competent Persons Statement

General Legal Disclaimer

Potential volumetrics of gas or oil may be categorised as Undiscovered Gas or Oil Initially In Place (UGIIP or UOIIP) or Prospective Recoverable Oil or Gas in accordance with AAPG/SPE guidelines.

As new information comes to hand from data processing and new drilling and seismic information, preliminary results may be modified. Resources estimates, assessments of exploration results and other opinions expressed by the Company in this announcement or report have not been reviewed by any relevant joint venture partners, therefore those resource estimate, assessments of exploration results and opinions represent the views of the Company only. Exploration programmes which may be referred to in this announcement or report may not have been approved by relevant Joint Venture partners in whole or in part and accordingly constitute a proposal only unless and until approved.

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

© 2013. Whilst every care has been taken to prepare the illustrations within this half year interim report, Central Petroleum Limited, DME (NT), DNRM (QLD), DMITRE (SA), DME (WA) and GA make no representations or warranties about its accuracy, reliability, completeness or suitability for any particular purpose and does not accept liability and responsibility of any kind (whether in contract, tort or otherwise) for any expenses, losses, damages and/or costs (including indirect or consequential damage) which are or may be incurred by any party as a result of these illustrations being inaccurate, incomplete or unsuitable in any way and for any other reason. These illustrations are for informational purposes only. These illustrations are subject to change. Author: Central Petroleum

Auditor's Independence Declaration

As lead auditor for the review of Central Petroleum Limited for the half-year ended 31 December 2013, 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.



Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
7 March 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Central Petroleum Limited
ABN 72 083 254 308

Consolidated statement of comprehensive income
For the half-year ended 31 December 2013

	Notes	Half-year 2013	Half-year 2012
		\$	\$
Continuing Operations			
Other income	5	1,398,455	1,620,874
Finance costs		(12,818)	(506)
Employee benefits and associated cost		(1,545,692)	(2,198,436)
Exploration expenditure		(2,855,666)	(4,189,876)
Depreciation and amortisation		(168,903)	(194,406)
General and administrative expenses		(1,713,865)	(2,968,131)
Share based employment benefits	6	(1,545,025)	(942,718)
Loss before income tax		(6,443,514)	(8,873,199)
Income tax expense		-	-
Loss for the half-year		(6,443,514)	(8,873,199)
Other comprehensive income		-	-
Total comprehensive loss for the half-year		(6,443,514)	(8,873,199)
Attributable to shareholders of Central Petroleum Limited		(6,443,514)	(8,873,199)
Earnings per share			
Basic and diluted loss per share (cents)	6	(2.11)	(3.20)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Central Petroleum Limited
ABN 72 083 254 308

Consolidated balance sheet
As at 31 December 2013

	Notes	31 December 2013	30 June 2013
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		12,464,808	1,308,307
Trade and other receivables		1,660,738	6,934,816
Inventory		975,280	975,281
Total current assets		15,100,826	9,218,404
Non-current assets			
Property, plant and equipment	3	1,545,192	1,285,300
Oil and gas properties	4	671,165	-
Exploration assets	4	16,219,693	16,702,228
Intangible assets		25,327	29,294
Other financial assets		1,996,718	1,854,620
Total non-current assets		20,458,095	19,871,442
Total assets		35,558,921	29,089,846
LIABILITIES			
Current liabilities			
Trade and other payables		4,630,324	3,332,034
Provisions	9	502,579	952,179
Total current liabilities		5,132,903	4,284,213
Non-current liabilities			
Provisions	9	725,455	159,709
Total non-current liabilities		725,455	159,709
Total liabilities		5,858,358	4,443,922
Net assets		29,700,563	24,645,924
EQUITY			
Contributed equity	6	140,211,150	130,258,022
Reserves	6	11,677,964	10,132,939
Accumulated losses		(122,188,551)	(115,745,037)
Total equity		29,700,563	24,645,924

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Central Petroleum Limited
ABN 72 083 254 308

Consolidated statement of changes in equity
For the half-year ended 31 December 2013

	Notes	Attributable to owners of Central Petroleum Limited			Total \$
		Contributed Equity \$	Option Reserve \$	Accumulated Losses \$	
Balance at 1 July 2012		122,700,723	7,964,729	(106,461,644)	24,203,808
Loss for the half-year		-	-	(8,873,199)	(8,873,199)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the half-year		-	-	(8,873,199)	(8,873,199)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	6	393,419	-	-	393,419
Share based payments	6	-	942,718	-	942,718
		393,419	942,718	-	1,336,137
Balance at 31 December 2012		123,094,142	8,907,447	(115,334,843)	16,666,746
Balance at 1 July 2013		130,258,022	10,132,939	(115,745,037)	24,645,924
Loss for the half-year		-	-	(6,443,514)	(6,443,514)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the half-year		-	-	(6,443,514)	(6,443,514)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs	6				
Share based payments	6	-	1,545,025	-	1,545,025
Share and option issue	6	10,602,483	-	-	10,602,483
Share issue costs	6	(649,355)	-	-	(649,355)
		9,953,128	1,545,025	-	11,498,153
Balance at 31 December 2013		140,211,150	11,677,964	(122,188,551)	29,700,563

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Central Petroleum Limited
ABN 72 083 254 308

Consolidated statement of cash flows
For the half-year ended 31 December 2013

	2013	Half-year 2012
	\$	\$
Cash flows from operating activities		
Interest received	162,480	110,278
Proceeds from research & development refund	5,887,231	-
GST refunds received	-	728,434
Payments to suppliers and employees	(4,133,833)	(10,254,640)
Net cash inflow/(outflow) from operating activities	<u>1,915,878</u>	<u>(9,415,928)</u>
Cash flows from investing activities		
Payments for exploration assets	-	(500,000)
Payments for capital expenditure	(572,506)	(424,962)
(Payment)/redemption of interest bearing security bonds	(140,000)	15,000
Net cash (outflow) from investing activities	<u>(712,506)</u>	<u>(909,962)</u>
Cash flow from financing activities		
Proceeds from contributed equity	10,002,483	375,336
Payments for capital raising costs	(49,354)	(9,043)
Net cash inflow from financing activities	<u>9,953,129</u>	<u>366,293</u>
Net increase/(decrease) in cash and cash equivalents	11,156,501	(9,959,597)
Cash and cash equivalents at the beginning of the half-year	1,308,307	12,105,232
Cash and cash equivalents at the end of the half-year	<u>12,464,808</u>	<u>2,145,635</u>

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 2013

1. Basis of Preparation of Half-year Report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed 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 2013 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*.

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

(a) Going Concern

The financial statements have been prepared on the basis of going concern 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 2013, Central incurred a loss of \$6,443,514 and had a cash inflow from operating activities of \$1,915,878.

At 31 December 2013 the Group held cash of \$12,464,808 and has net assets of \$29,700,563 and a working capital surplus of \$9,967,923. During the period ended 31 December 2013, the Group has been able to continue to meet working capital requirements principally as a result of previous capital raisings.

The Group expects that current cash on hand supported by projected net cash inflow from Surprise West revenues will be sufficient to cover minimum cash requirements for the period until 12 months from the signing date of this report. Accordingly the financial statements have been prepared on a going concern basis.

The directors, therefore, are of the opinion that no asset is likely to be realised for an amount less than the amount it is recorded in the financial report at 31 December 2013. Accordingly no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(b) New and Amended Standards Adopted by the Group

In the current period, the Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2013. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies.

The Group moved from the exploration phase to development phase during the period therefore the following accounting policies were adopted by the Group from 1 July 2013.

Notes to the consolidated financial statements
For the half-year ended 31 December 2013

1. Basis of Preparation of Half-year Report (continued)

(c) Assets in Development

The costs of oil and gas properties in the development phase are separately accounted for and include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable, and all development drilling and other subsurface expenditure. When production commences, the accumulated costs are transferred to producing areas of interest except for land and buildings and surface plant and equipment associated with development assets which are recorded in the land and buildings and plant and equipment categories respectively.

(d) Producing Assets

The costs of oil and gas properties in production are separately accounted for and include costs transferred from exploration and evaluation assets, transferred development assets and the ongoing costs of continuing to develop reserves for production including an estimate of the costs to restore the site. Land and buildings and surface plant and equipment associated with producing areas of interest are recorded in the other land and buildings and other plant and equipment categories respectively.

These costs are subject to depreciation and depletion in accordance with note 1(e).

(e) Depreciation of Producing Assets

Depreciation of producing assets is calculated using the units of production method for an asset or group of assets from the date of commencement of production.

Depletion charges are calculated using the units of production method which will amortise the cost of carried forward exploration, evaluation and subsurface development expenditure ("subsurface assets") over the life of the estimated Proven plus Probable ("2P") hydrocarbon reserves for an asset or group of assets, together with future subsurface costs necessary to develop the hydrocarbon reserves in the respective asset or group of assets.

(f) Early Adoption of Standards

The Group did not early adopt any Australian Accounting Standards that are not yet mandatory.

2. Segment information

Description of Segments

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Management has considered the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. As the consolidated entity is in the exploration and development phase of operations, the board considers the business as a whole, and makes decisions on the allocation of resources based on its strategic objectives.

The operations of the consolidated entity involve a single industry segment being that of exploration and development phase of hydrocarbons. The consolidated entity's operations are wholly in one geographical location being Australia.

Notes to the consolidated financial statements
For the half-year ended 31 December 2013

3. Property, Plant and Equipment

During the half-year ended 31 December 2013, the Group acquired property, plant and equipment at a cost of \$422,224 (2012: \$434,056).

4. Oil and Gas Properties

During the half-year ended 31 December 2013, the Group transferred restoration assets from exploration assets to oil and gas properties of \$482,535 (2012: \$nil). In addition the Group acquired oil and gas properties of \$188,630 (2012: \$nil).

5. Other Income

Interest revenue
Research and development refunds
Century claim proceeds
Other

Half-Year	
31 December 2013	31 December 2012
\$	\$
198,475	117,593
1,196,296	-
-	1,500,260
3,684	3,021
1,398,455	1,620,874

6. Contributed Equity and Reserves

Share Capital

309,219,473 ordinary shares ¹
(30 June 2013: 1,440,078,845 ordinary shares)

Half-Year	
31 December 2013	30 June 2013
\$	\$
140,211,150	130,258,022

Share Options Reserve

127,424,812 share options¹
(30 June 2013: 607,242,075 Share options)

11,677,964	10,132,939
-------------------	-------------------

¹ On 27 September 2013 shareholders approved every 5 ordinary shares held be converted into 1 ordinary share (subject to rounding).

	Half Year		Half Year	
	31 December 2013	31 December 2013	31 December 2012	31 December 2012
	\$	No. of securities	\$	No. of securities
Movements in Ordinary Shares on Issue During the Half-year:				
Balance at the beginning of the half-year	130,258,022	1,440,078,845	122,700,723	1,383,376,265
Issue of ordinary shares	10,600,000	106,000,000	-	-
Exercise of share options	2,483	3,104	375,336	3,602,100
Transaction costs	(649,355)	-	18,083	-
Share consolidation ¹	-	(1,236,862,476)	-	-
Balance at the end of the half-year	140,211,150	309,219,473	123,094,142	1,386,978,365

¹ On 27 September 2013 shareholders approved every 5 ordinary shares held be converted into 1 ordinary share (subject to rounding).

Central Petroleum Limited
ABN 72 083 254 308

Notes to the consolidated financial statements
For the half-year ended 31 December 2013

6. Contributed Equity and Reserves (continued)

	Half Year		Half Year	
	31 December 2013	31 December 2013	31 December 2012	31 December 2012
	Share options Reserve \$	No. of securities	Share options Reserve \$	No. of securities
<i>Movements in Share Options on Issue During the Half-year:</i>				
Balance at the beginning of the half-year	10,132,939	607,242,075	7,964,729	421,622,622
Share based payments:				
30/11/2016 options exercisable at \$0.475	2,016	-	21,382	-
15/11/2015 options exercisable at \$0.45	464,607	-	330,965	55,251,501
15/11/2017 options exercisable at \$0.45	755,351	-	568,502	138,170,532
15/11/2015 options exercisable at \$0.45	201,449	4,379,338	-	-
31/05/2015 options exercisable at \$0.61	-	-	213	-
31/10/2015 options exercisable at \$0.55	-	-	255	-
20/07/2016 options exercisable at \$0.55	-	-	10,624	-
30/08/2016 options exercisable at \$0.575	-	-	12,428	-
Exercise of options at \$0.475	-	-	-	(1,400,000)
Exercise of options at \$0.55	-	-	-	(2,200,000)
Exercise of options at \$0.80	-	(3,104)	-	(2,200)
Cancellation of options exercisable at \$0.60	-	-	(1,651)	(100,000)
Cancellation of options exercisable at \$0.575	-	(200,000)	-	-
15/11/2015 options exercisable at \$0.45	105,369	-	-	-
15/11/2017 options exercisable at \$0.65	4,200	-	-	-
15/11/2017 options exercisable at \$0.48	12,033	-	-	-
Share consolidation ¹	-	(485,793,497)	-	-
Balance at the end of the half-year	11,677,964	125,624,812	8,907,447	611,342,455

¹ On 27 September 2013 shareholders approved every 5 ordinary shares held be converted into 1 ordinary share (subject to rounding). Due to share consolidation, the 31 December 2012 basic and diluted earnings per share have been restated to reflect the share consolidation impact on the 31 December 2012 contributed equity.

Notes to the consolidated financial statements
For the half-year ended 31 December 2013

7. Contingencies and Commitments

(a) Exploration Contingencies and Commitments

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

	Consolidated	
	31 December 2013	30 June 2013
	\$	\$
Due not later than 1 year	2,500,000	-
Due later than 1 year but less than 5 years	15,511,265	12,903,000
Total	18,011,265	12,903,000

In the petroleum industry it is common practice for entities to farm-out, transfer or sell a portion of their rights to third parties and, as a result, obligations may be reduced or extinguished.

(b) Operating Lease Commitments

The Group has non-cancellable operating leases for office premises in Brisbane expiring on 29 June 2014. Alice Springs is currently on a rolling 1 month contract with intentions to commit shortly to a 10 year lease extension including upgrade of facilities.

	Consolidated	
	31 December 2013	30 June 2013
	\$	\$
Due not later than 1 year	178,498	346,592
Due later than 1 year but less than 5 years	-	-
Total	178,498	346,592

(c) Contingent Liabilities

(i) The Group had contingent liabilities at 31 December 2013 in respect of certain joint venture payments.

As partial consideration under the terms of the purchase agreement for EPs 105, 106 and 107, there is a requirement to pay the vendor the sum of \$1,000,000 (2012: \$1,000,000) within twelve months following the commencement of any future commercial production from the permits.

(ii) On 26 March 2012 the Company advised that it had terminated the employment of Mr John Heugh. Mr John Heugh commenced an action in the Supreme Court of Western Australia against the Company disputing the Company's termination of his employment. The trial for the matter was heard in January 2014 and the Company is awaiting judgment.

(iii) On 29 November 2012 the Company advised that Mr Heugh had commenced an action in the Supreme Court of Western Australia against the Company and others for alleged false and defamatory statements of and concerning Mr Heugh. The Company is defending the action vigorously.

The claims are currently being funded pursuant to the Company's Employment Practices Liability insurance.

(d) Contingent Assets

There were no contingent assets at 31 December 2013 (30 June 2013 - \$nil).

Notes to the consolidated financial statements
For the half-year ended 31 December 2013

8. Subsequent Events

- (i) On 19 February 2014 the Company announced it has signed an agreement to purchase the material onshore assets of Magellan Petroleum Australia ("MPA") consisting primarily of the Palm Valley and Dingo fields near Alice Springs for \$35 million. The consideration will be paid as \$20 million cash and approximately 39.5 million shares in Central to MPA. Central will issue the shares and pay \$15 million of the \$20 million cash on completion. The balance of \$5 million is due to be paid on 15th April 2014.

The acquisition also includes the significant in-place compression, processing and transportation infrastructure, 4 producing wells at Palm Valley and 2 existing wells ready for production at Dingo Field.

Necessary third party consents have to be obtained before completion. The agreement is also subject to the usual financing provisions that a material adverse change event does not occur before completion. Completion is scheduled to occur early March 2014 but must occur before 31st March 2014.

The cash component is to be paid out of a loan facility with Macquarie Bank. The Macquarie Bank Facility comprises of \$20 million for the acquisition and \$30 million for the development of the Dingo Field and construction of a 50km export pipeline to Alice Springs in order to service a gas sale contract with Power and Water Corporation of the Northern Territory. Details of this contract were announced by Magellan Petroleum Corporation ("MPC") – the ultimate parent of MPA. Importantly, however, this pipeline will be owned by the Company and available for transporting future gas reserves which the Company hopes will result from its current and significant exploration activity in the Amadeus Basin. The Macquarie Bank Facility requires Central to grant 15 million unlisted Central Petroleum options to Macquarie Bank, 6 million of which will be granted on completion. The options have an exercise price of \$0.50 with an exercise period of 30 months. On completion MPA has the right to nominate a director to Central's board.

- (ii) On 25 February 2014 the Company advised that it was awarded Production Licence #6 required for the Surprise Oil Field Development. This is the first Production Licence granted in onshore Northern Territory since the passing of the Native Title Act 1993.

9. Provisions

The balance as at 31 December 2013 includes provisions for onerous contracts of \$99,859 (30 June 2013: \$125,282). A provision for onerous contracts was recognised in respect of the operating lease commitments on the Perth office.

Director's Declaration

In the directors' opinion:

- (a) The financial statements and notes set out on pages 7 to 17 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 2013 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.

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



Richard I Cottee – Managing Director
Brisbane, Queensland
7 March 2014



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Central Petroleum Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2013, 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, selected explanatory notes and the directors' declaration for Central Petroleum Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility 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 (including the Australian Accounting Interpretations) 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 is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and 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*. As the auditor of Central Petroleum Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

PricewaterhouseCoopers, ABN 52 780 433 757

Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001

T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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*.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2013 included on Central Petroleum Limited's web site. The company's directors are responsible for the integrity of the Central Petroleum Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Michael Shewan', with a long horizontal flourish extending to the right.

Michael Shewan
Partner

Brisbane
7 March 2014

PricewaterhouseCoopers, ABN 52 780 433 757

Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Central Petroleum Limited
ABN 72 083 254 308

Corporate directory

Directors

Andrew P Whittle BSc (Hons), Non-executive Director and Chairman
Richard I Cottey BA, LLB (Hons), Managing Director
Michael R Herrington BE (Hons), MBS (Dist), Executive Director
Wrixon F Gasteen BE (Hons), MBA (Dist), Non-executive Director
William J Dunmore BSc, MSc, Non-executive Director
Robert Hubbard (BA (Hons), FCA, MAICD) (appointed 6th December 2013)

Company Secretaries

Daniel C M White LLB, BCom, LLM
Bruce W Elsholz, BCom, CA

Registered Office

56-58 Jephson Street,
Toowong QLD 4066
Telephone; +61(0)7 3181 3800
Fax: +61(0)7 3181 3855
www.centralpetroleum.com.au

Auditors

PricewaterhouseCoopers
125 St Georges Terrace
Perth
Western Australia 6000
www.pwc.com.au

Share Registrar

Computershare Investor Services Pty Limited
117 Victoria Street
West End
Queensland 4101
Telephone: +61(0)7 3237 2100
Fax: +61(0)7 9473 2085
www.computershare.com