

**CHAIRMAN'S ADDRESS  
AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS  
OF  
CENTRAL PETROLEUM LIMITED  
29 NOVEMBER 2017**

**Introduction**

You will be surprised to hear me say, last year was a good year for Central Petroleum. In addition, we are now well positioned to answer many of the questions that have occupied shareholders minds in recent years. How can I say this when, from a corporate perspective, our year was dominated by a failed Scheme and attempts to replace the Board. I feel comfortable in making the statement because the market environment remains pregnant with opportunity, our operating and financial performance has improved, we agreed an in principle go to market strategy with our Mereenie joint venture partner, and we are now funded to undertake a significant capital programme on our key assets.

**Market environment**

Overall, the environment within which Central operates has continued to remain positive. Some examples of the improved conditions are:

1. Oil prices have improved in both Australian and US dollar terms whilst contract market gas prices have firmed. Government initiatives, be it at the Federal level with its gas reservation policy, or State Government, such as the Queensland Government domestic gas tenement tender are coalescing such that customers and suppliers can operate with more certainty and at long last a more collaborative policy direction appears to be emerging in the electricity market.
2. The NGP construction continues and is scheduled to flow in late 2018 with welding significantly progressed, 400km of trenching completed with 380km of pipeline in the ground.
3. Our efforts for greater regulation and transparency on pipeline tariffs has continued unabated. We have had periods of significant disappointment through the course of the year when we felt our voice was not being heard although we are in a better place today than this time last year.

4. Finally, whilst the fracking inquiry in the Northern Territory has been extended it is closer to its conclusion.

### **Operating and financial performance**

The operating and financial performance for the 2017 financial year was presented and commented on in some detail in the annual report. There will be an opportunity for questions on the annual report in the formal part of the meeting, however, some of the highlights are:

1. The successful execution of the EDL contract should ensure we remain self-funding for operating purposes until commencement of supplies under the Macquarie Bank pre sale agreement so that all recently raised funds can be committed to development of our assets.
2. Production volumes were maintained at contract levels, despite the age of the Mereenie plant, and with more than acceptable safety and environmental management performance.
3. The Santos decision to sell its interest in Mereenie to Macquarie Bank, whilst disruptive at the time given the Macquarie bid, has resulted in a more committed joint venture partner. Macquarie are willing participants in the Mereenie drilling programme and quickly came to an in principle agreement with Central on the benefits of a joint marketing strategy.

Finally, our approach to local investment and local employment has continued to ensure we have positive engagement with the Alice Springs community and our traditional land owners.

### **Corporate matters**

When I met with you at this time last year I bemoaned the fact that despite the tightening gas market, the commencement of the NGP and the successful integration of Mereenie our share price continued to languish and the equity markets remained closed to us. Whilst our current share price remains disappointing, we are not so constrained in funding given the success of the August capital raising. However, I am sure we would have all preferred a different pathway to achieve this outcome.

I am the first to acknowledge that the events of 2017 have left some scars and needed a response. Our first response had to be to continue our focus on developing Central's assets and through this shareholder value. We never ceased our endeavours in this area and I am sure shareholders, Board and management are as one on this focus. The second response has been to renew and refresh the Board leadership of Central. In Dr Sarah Ryan and Martin Kriewaldt we have two highly capable directors who possess not just

the experience but the passion to lead a successful Central. I will talk more about Sarah and Martin when we address their election resolutions.

We are also looking to make two other changes to the Board in the short term.

I have advised the Board of my intention to retire in the first half of 2018. I was a passionate proponent that the Scheme was in shareholders' best interests and I believe that Central would benefit from the Board being led by someone not associated with that recommendation. However, I also believe it would be disloyal to leave without ensuring a smooth transition to the new Chairman.

Secondly, we are looking to make another Board appointment to further strengthen the skill sets and capabilities of the Board and provide greater capacity for continued Board renewal.

Finally, I would like to make comment on the behaviour of a very small group of anonymous hecklers of Central since it needs to be said and this is the appropriate venue at which to say it. I respect shareholders with a different view and the strength to put that view. Conversely I believe all shareholders should join with me in condemning those few who believe that the anonymity of the internet gives them license to abuse and slander.

## **Appreciation**

In closing I would like to pass on my appreciation to the Management and Staff of Central, my fellow Board colleagues and our Shareholders.

**Robert Hubbard**  
**Chairman of the Board**

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