CENTRAL PETROLEUM LIMITED

ABN 72 083 254 308

Annual report
30 June 2014

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CENTRAL PETROLEUM LIMITED
ABN 72 083 254 308

CORPORATE DIRECTORY

DIRECTORS

Andrew P Whittle BSc (Hons), Non-executive Chairman
Richard I Cottee BA LLB (Hons), Managing Director and Chief Executive Officer
Michael R Herrington BSc (Engineering), PE (Petroleum), Executive Director and Chief Operating Officer
Wrixon F Gasteen BE (Hons), MBA (Dist), Non-executive Director
William J Dunmore BSc MSc, Non-executive Director
Robert Hubbard FCA, Non-executive Director
John T Wilson Bsc Msc, Non-executive Director
Peter S Moore PhD, BSc (Hons) MBA, Non-executive Director

GROUP GENERAL COUNSEL AND JOINT COMPANY SECRETARY

Daniel C M White LLB BCom LLM (Merit)

JOINT COMPANY SECRETARY

Joseph P Morfea

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Brisbane
Queensland 4000

BANKERS

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Brisbane
Queensland 4000

SHARE REGISTER

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Queensland 4101
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STOCK EXCHANGE LISTING

Central Petroleum Limited shares are listed on the Australian Securities Exchange Limited under the code CTP.

CENTRAL PETROLEUM LIMITED
ABN 72 083 254 308

CHAIRMAN'S LETTER

A MESSAGE FROM ANDY WHITTLE

Dear Fellow Shareholder

MAGELLAN (PALM VALLEY AND DINGO GAS FIELD) PURCHASE, OIL PRODUCTION FROM SURPRISE AND GAS FROM PALM VALLEY, ENCOURAGEMENT AT MT KITTY-1, DRILLING IN GEORGINA, STAGE 2 OF SANTOS FARMOUT EXERCISED, FUTURE SEISMIC AND DRILLING PLANNED.

Central's ninth year since listing on the ASX has been challenging both financially and operationally for the Company in light of the generally poor share price performance of small to medium market cap oil and gas exploration companies listed on the ASX. As a Board we are very aware of the market and our financials and have not gone to shareholders to seek additional funding during the past financial year despite the difficult times. We did however place 100 million shares with large domestic institutions raising $10 million to part fund bringing the Surprise oil field into production and we have recently secured a further placement of $6 million.

In September 2013 the Board decided to consolidate our share registry on a one for five basis. I believe we have stabilized our share registry, are now more likely to gain institutional support in future capital raisings and this has made our shares more attractive to the bigger end of the market.

The Board is confident that we are on the way to building a successful oil and gas company which is being positioned to capitalize on the opportunities that are opening in the gas markets on the eastern seaboard. The predicted gas shortfalls are well documented and we believe current fields and future discoveries in Central's acreage will be key to meeting the market.

I joined the Board in April 2012 and was appointed Chairman in April 2013. Over the past year we negotiated and completed the purchase of Magellan's Amadeus Basin assets which include the Palm Valley and Dingo gas fields. This landmark purchase was paid for with shares and a cash component fully funded by Macquarie Bank, thereby moving us to a producer of both oil and gas. This was a very significant turning point for our Company.

The required permits and pipeline licence to Alice Springs have been granted to allow Dingo Field development to commence. The field development program is on track with first production expected to begin by mid 2015. Dingo is entirely funded with facilities from Macquarie Bank.

It is not often that a super-major (company) like TOTAL will farm-in to acreage of companies like Central and fund grass roots exploration. We are very excited to have them as partners and have benefited from their global knowledge in our frontier Southern Georgina Basin acreage. We operated the 2D seismic that was successfully completed during the year. We have commenced and are operating the drilling program which will hopefully find targets rich in unconventional shale-gas worthy of flow testing.

Mt Kitty-1 was drilled during the year by SANTOS as part of its Stage 1 farm-in program to our Amadeus basin acreage. The well encountered gas which was confirmed on wireline test and shown to contain significant Helium. Evaluation of the potential of the fractured reservoir is still ongoing.

SANTOS then exercised its right to proceed to Stage 2 of its Amadeus farm-in which will result in a further 1,300 km of 2D seismic being acquired in the Southern Amadeus area estimated to cost $12 million and earning SANTOS a 40% participating interest.

During the year we surrendered the four permits we held in Western Australia on trend with Surprise as part of our formal high-grading process. This decision was based on geological and geophysical studies that we conducted in house using new aeromagnetic and gravity data that indicated the Surprise play did not extend as far west as we originally thought.

We hold areas with significant intra-field and near-field gas potential associated with Palm Valley and Dingo and other prospectivity in held acreage which we believe will provide us with an opportunity to supply into the east coast gas market shortfall.

Central also still holds extensive exploration acreage that we believe has considerable future exploration potential. For example we hold most of the Wiso Basin and our explorationists are enthusiastic about this area following some recent in-house work.

Whilst production from the Surprise West oil well is below initial expectations we are firm believers in further developing the oil potential of the Amadeus Basin, but the advent of a gas market will lead us into the future.

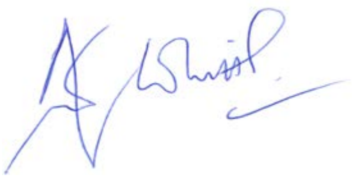
CHAIRMAN'S LETTER

During the year Professor Peter Moore joined the Board following a career with Woodside from where he retired as Executive Vice President Exploration. In addition we welcomed Tom Wilson who had a distinguished career with Apache and Magellan as the Magellan Board nominee. Their experience has strengthened the technical and business skills of the Board. Robert Hubbard joined the Board in December 2013 after a long career with PricewaterhouseCoopers as a partner. Bill Dunmore and Mike Herrington are not standing for Board re-election at the next AGM. Mike will continue as Chief Operating Officer which is a full time role now we have ongoing exploration, production and development. Bruce Elsholz recently resigned as Joint Company Secretary and retires as Chief Financial Officer in November after 5 years of distinguished service. Bruce has been replaced by Joseph Morfea as Company Secretary who is a seasoned professional and came to us from Magellan. Leon Devaney will be the Company's new Chief Financial Officer.

In addition we have made a number of senior management changes during the year to strengthen the Company for the future. The Board carefully manages successfully succession planning at Board and senior management levels to ensure orderly transitions occur.

We are moving from suburban Toowong into our new offices in 400 George Street in the city in early October 2014. This move takes advantage of the well publicized excess supply of office space in Brisbane, consolidating our team in one office and is being welcomed by the staff and will allow for the expected future growth of the Company.

Finally I would like to thank the Directors and in particular the Central team for their continued support during 2014 and in particular for the efforts by Bill Dunmore, Mike Herrington and Bruce Elsholz. I am very pleased with the way the Company is growing and on the degree of focus we have on the opportunities and challenges we face in the future.



Mr A. Whittle
Chairman
Melbourne,
30 September 2014

CENTRAL PETROLEUM LIMITED
ABN 72 083 254 308

MANAGING DIRECTOR'S LETTER

Dear Fellow Shareholder,

This last year I am sure will be remembered as the year in which Central Petroleum turned the corner. The Company 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.

Richard Cottee
Managing Director, Brisbane, 30 September 2014

Your directors present their report on the consolidated entity, consisting of Central Petroleum Limited ("Company" or "CTP") and the entities it controlled (collectively "the Group" or "the Consolidated Entity") at the end of, or during the year ended 30 June 2014.

Directors

The names of the directors of the parent company in office at any time during or since the end of the financial year are:

Andrew P Whittle

Richard I Cottee

Michael R Herrington

Wrixon F Gasteen

William J Dunmore

Robert Hubbard (appointed 6 December 2013)

J.Thomas Wilson (appointed 31 March 2014)

Peter S Moore (appointed 14 April 2014)

Principal activities

The principal activity of the Consolidated Entity during the financial year was the exploration for and production of hydrocarbons.

During the year the Consolidated Entity commenced oil production at Surprise and completed the acquisition of both the Palm Valley Gas Field facility and the undeveloped gas reserves at Dingo. As a result the Consolidated Entity now generates revenue from both oil and gas sales.

Operating result

The Consolidated Entity had an operating loss after income tax for the year ended 30 June 2014 of $10,857,986 (2013: loss of $9,283,393).

At 30 June 2014 consolidated cash and cash equivalents available totalled $10,330,474 (2013: $1,308,307), including $1,590,386 (30 June 2013: $60,271) held in joint venture and $2,192,082 (30 June 2013: Nil) for Dingo development.

Dividends

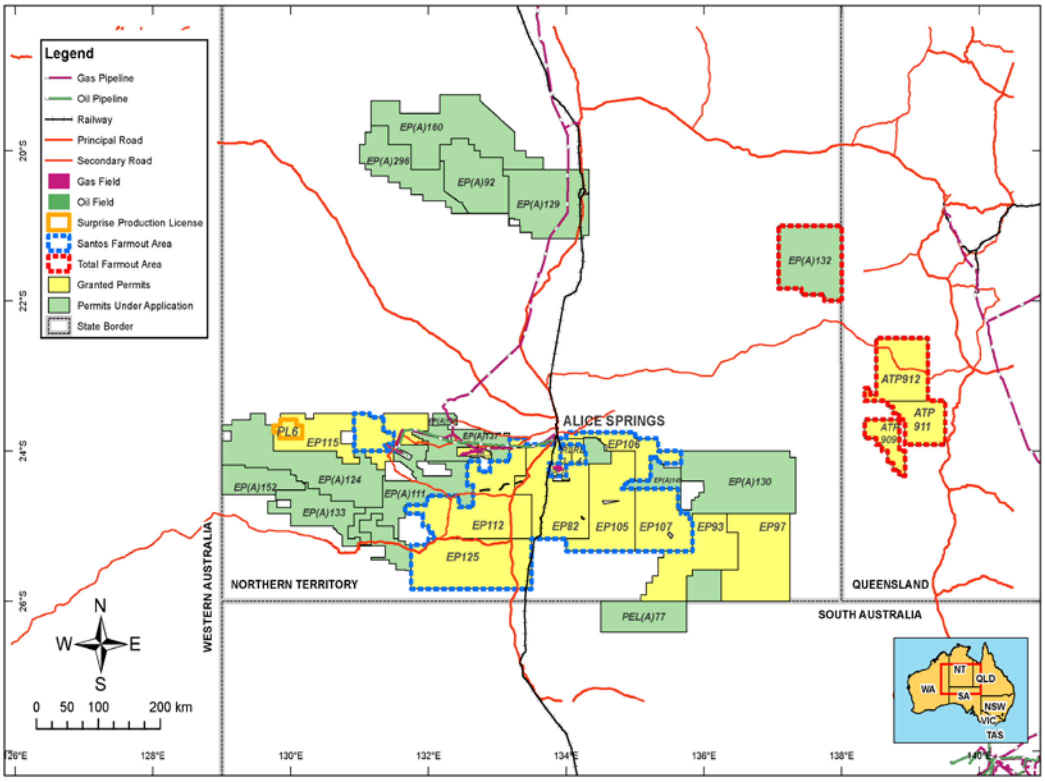
No dividends were paid or declared during the financial year (2013:Nil). No recommendation for payment of dividends has been made.

Review of Operations

The Company's focus for the year was as follows:

- Acquiring the onshore Australian assets of Magellan Petroleum Australia Pty Ltd, specifically the Palm Valley Gas Field and Facility and the undeveloped Dingo Gas Field.
- Acquiring, processing and interpreting approximately 1,000 kms of new 2D seismic data and the commencement of a drilling programme in the Southern Georgina Basin where Central (Operator) is in joint venture with Total. This programme and associated evaluation work is ongoing and the Company expects Phase 1 of the joint venture arrangements with Total will complete in 2016 when gross exploration expenditures on the project reach approximately $90 million.

- A free carried participant in the approximately 1,600 km 2D seismic programme in the Southern Amadeus Basin and the drilling of the Mt Kitty gas well. Santos Limited is Operator for the farm-in program.
- Constructing the Surprise Oil Field Facilities and commencing oil production from the Surprise West well.



Granted Petroleum Licences and Application Interests of Central Petroleum Limited

Acquisition of Palm Valley and Dingo Fields

The Company completed the purchase of the material onshore assets of Magellan Petroleum Australia Pty Ltd ("the Magellan assets") consisting primarily of the producing Palm Valley gas field and the undeveloped Dingo gas field for $35 million. The deal closed on 31 March 2014. The consideration paid was $20 million cash and approximately 39.5 million shares in Central.

The cash component was paid out of a loan facility with Macquarie Bank. The loan facility also includes a $30 million tranche for the development of the Dingo gas field and the construction of a 50km pipeline to Alice Springs in order to service a gas sale contract with Power and Water Corporation of the Northern Territory. Under the Macquarie Bank facility, Central granted 15 million unlisted options (to Macquarie) with an exercise price of $0.50 and an exercise period of 30 months.

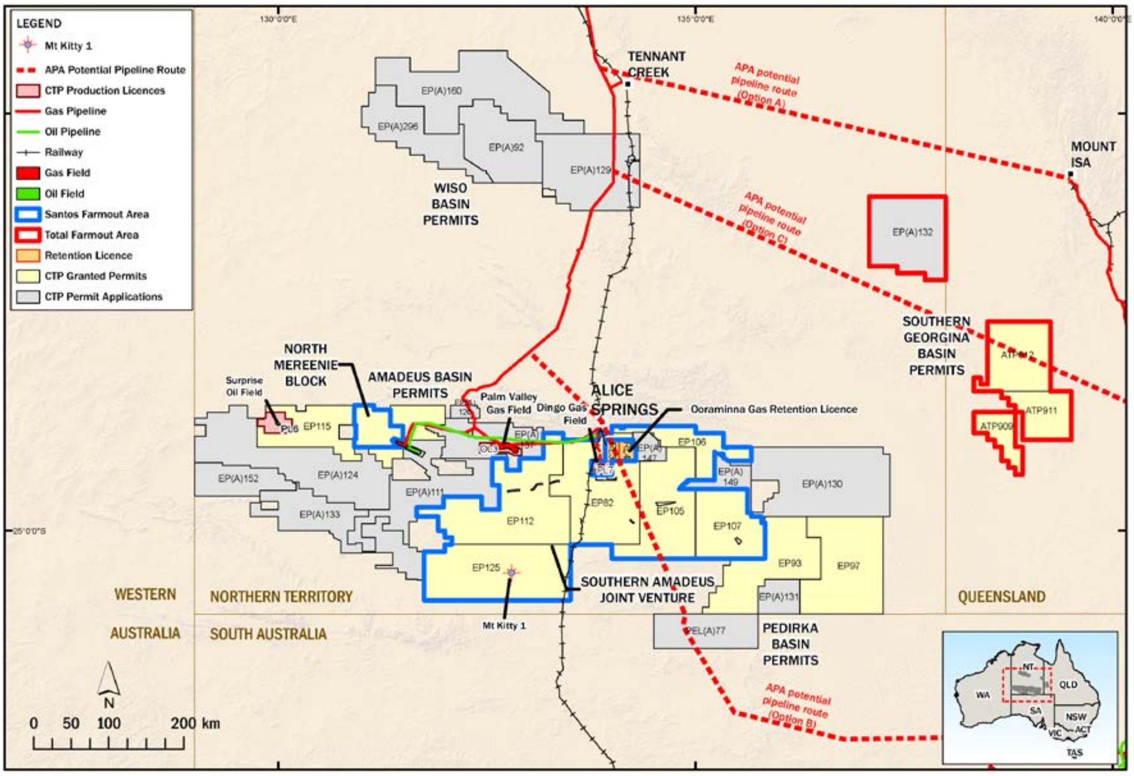
In addition to existing producing reserves, the acquisition includes significant in-place compression, processing and transportation infrastructure at the Palm Valley field.

Palm Valley Gas Field (OL3)
Northern Territory
(CTP - 100% Interest)

As a result of the acquisition of the Palm Valley Gas Field effective 1 April 2014 the Company commenced receiving revenue from gas sales. This shifted Central from an explorer to a multi-field producer on both oil and gas markets,

Gas production for the period 1 April 2014 to 30 June 2014 was 277,703 gigajoules(GJ).

Gas sales are per nominations received from the purchaser. The Field and the pipeline have capacity to produce and deliver at higher volumes and the Company is looking to secure additional sales contracts.



Dingo Gas Field (L7) and Dingo Pipeline (PL30)
Northern Territory
(CTP - 100% Interest)

Dingo Gas Field (currently under development)

During the June 2014 Quarter the NT Government granted the Dingo Petroleum Production Licence (L7) to Central. The production licence converts from the retention licence (RL2).

Subsequent to 30 June 2014, the Dingo Pipeline Licence (PL30) has been agreed with the Northern Territory Department of Mines and Energy.

The Dingo Gas Field Development, which is solely funded under a $30 million tranche of the loan facility agreement with Macquarie Bank, comprises construction of wellhead facilities, gathering pipelines, gas conditioning facilities, a 50 km gas pipeline to Brewer Estate in Alice Springs, compression and custody transfer metering facilities, and is designed to service a gas sale contract with Power and Water Corporation of the Northern Territory.

Construction of the pipeline is well underway and is forecast to be completed before mid 2015 when first gas sales to Power and Water Corporation in Alice Springs are scheduled to commence.

This strategic pipeline is a major milestone and signifies the start of the Company being a significant player in the Northern Territory gas market. Over time Central looks forward to playing an important role in inter-connecting Central Australia to the eastern seaboard gas network, possibly through Moomba.

Laying the Dingo Gas Pipeline near Alice Springs, Northern Territory

ATP 909, ATP 911, ATP 912
Southern Georgina Basin
Queensland
(CTP - 90% Interest) (farming out to Total E&P Australia)

Farmout

Following the completion of the seismic program in the Southern Georgina Basin the Company was able to re-negotiate the framework for the Total farm-in. Stage 1 has been expanded both in the dollar amount (increase of US$35 million) and the duration (to August 2015). Importantly the Company still remains liable for the last 20% of the original stage 1 expenditure and then the last 20% of the increase. The increased expenditure in Stage 1 will allow for multi-zone production tests of some wells subject to satisfactory results from the initial Stage 1 core hole exploration program.

Should Total continue and fulfil its funding obligations for Stages 2 and 3 Total will earn in increments to a total of 68% in the permits.

Central is operating the farm-out areas for the first four years and after completion of Stage 3 Total will assume operatorship for 90% of the area. Central will retain operatorship of the upstream activities on the remaining 10% of the area.

Drilling

Whiteley-1 well

Drilling commenced on 20 July 2014 at the Whiteley-1 unconventional gas exploration well in ATP 912. Whiteley-1 is the first of a programme of unconventional gas exploration wells operated by Central and is being drilled using Enerdrill Rig 2. The planned depth was 1,920 metres.

The primary objective is the Lower Arthur Creek Formation, which will be fully cored and sampled for gas desorption and reservoir properties, in addition to an extensive logging program.

The well was drilled to around 1,150 metres which was a secondary target. As such when no petroleum was encountered the decision was made to suspend the well pending the arrival of a liner to line the hole problems and move immediately to Gaudi-1 and drill and complete that well before the start of wet season.

Gaudi-1 well

Gaudi-1 spudded on 14 September 2014 in ATP909. The planned depth is 2,900 metres. As with Whiteley-1 the primary objective is the Lower Arthur Creek Formation.

Drilling Operations in the Southern Georgina Basin, Queensland

Southern Amadeus Basin
Queensland
Various Permits, Retention Licences and Application Areas
(CTP – 75% to 100% Interest)

Santos Stage 2 Farmout

Under the farmout agreement, Santos was to fund exploration by investing an initial $30 million, with options to invest a further $60 million in Stage 2 and a further $60 million in Stage 3. In return Santos would earn rights to up to 70% of the area totalling nearly 80 thousand square kilometres. Santos assumed operatorship during exploration and in the event that they are developed. Central will benefit from a free carry during the farmout period.

The seismic acquisition program commenced July 2013. The program was intended to be around 1,800kms. The amount acquired was 1,587kms over 7 permits in the Southern Amadeus area, with 300kms being swapped out of Stage 1 and added to the original Stage 2 farmout phase.

In July 2014 Santos elected to proceed to Stage 2 of an amended Southern Amadeus Joint Venture with Central under terms that will allow the JV to give priority to spending on areas of highest prospectivity.

Central has regained 100% ownership of the Ooraminna Gas Discovery in RLs 3 & 4 which will form a hub of future opportunities to be pursued after the successful conclusion of a further gas sales contract. Central sees great strategic merit in regaining control of RLs 3 & 4, particularly as RL3 is 10km from Central's recently acquired Dingo Gas Field and the 50km Dingo Pipeline currently under construction.

Central and Santos have concurred that the prospectivity of the Southern Amadeus has been confirmed by the results of Mt Kitty and the 1,587km of 2D seismic acquired during Phase 1 of the farmout. As a result, an additional 300km of seismic has been added to the current 1,000km of 2D seismic earmarked for the more prospective Southern Amadeus following Central and Santos' election not to proceed as a joint venture in the Pedirka Basin (EPs 93 & 97).

The Santos farmout Stage 2 will therefore result in a further 1,300km of 2D seismic being acquired in the Southern Amadeus area (estimated to cost around $12 Million) earning Santos 40% participating interest in permits listed in the table below (the "Southern Amadeus Joint Venture").

Central has been able to temporarily suspend its permit work commitments in the Pedirka Basin to enable it to negotiate a more targeted acreage holding in that Basin. Following an extensive review of the data Central and Santos has determined that the drilling of Pellinor was not the best use of capital and Central is looking forward to concentrating on opportunities in EPs 93 & 97 now on a 100% basis.

Southern Amadeus Area	Total Santos Participating Interest after completion of Stage 1	Total Santos Participating Interest after completion of Stage 2
EP82	25%	40% (ie additional 15% earned)
EP105	25%	40% (ie additional 15% earned)
EP106	25%	40% (ie additional 15% earned)
EP107	25%	40% (ie additional 15% earned)
EP112	25%	40% (ie additional 15% earned)
EP(A)147	25%	40% (ie additional 15% earned)

EP 125 – Northern Territory
(CTP-30% Interest, Santos [Operator]-70% interest on completion of Mt Kitty)

Mt Kitty Exploration Well
(Central is free carried for this well under the Santos farm-in arrangements)

In April 2014 the Company announced that it had been advised that the Mt Kitty exploration well flowed gas in testing with flow rate of around 500,000 cubic feet per day through a 1-1/4" inch choke. The gas samplings also included substantial Helium readings.

Wireline logging operations had commenced to evaluate the quality of the Heavitree Formation reservoir section before an incident with the rig caused operations to be stopped. No persons were injured and there were no environmental impact as a result of the incident. The well was secured for later re-entry.

The Operator advised the well was re-entered in early September and wireline logging was successfully completed. Sidewall cores confirmed the previously reported gas flows were from granite basement. Raw information indicates the basement is extensively fractured. The well has been plugged and suspended.

Full evaluation of well results and integration with seismic may result in a decision to drill an oriented sidetrack in future, aiming to maximise intersection with observed fracturing.

Given the nearly 10% Helium detected in the sample which sells around $100/mcf (or nearly twenty times more valuable than natural gas) Central has been evaluating the prospect of Helium extraction and sales at the well head through relatively portable membrane technology. Early indications that even a relatively small field of Helium of this quality can be quite economic.

Surprise West
Northern Territory
(CTP - 100% Interest)

Award of Production Licence 6 ("L6") and Surprise West production

In February 2014 Central was offered L6 for the Surprise Oil Field Development. This was the first Production Licence offered in onshore Northern Territory since the passing of the Native Titles Act 1993 and was an important milestone not only for Central but also for the Northern Territory and the Traditional Owners.

Initial production and storage facilities were installed to allow production to commence from the Surprise West well in March 2014.

The installation of additional storage tanks and ancillary equipment followed. Storage capacity has increased to 5,000 barrels of oil storage with up to 2,000 barrels of water separation capacity.

The Surprise West well produced approximately 21,000 barrels of oil since commencing production in March 2014 to 30 June 2014. Unseasonally late wet weather in the region forced the closure of the access road to the field for a considerable period of time in March/April period.

The Surprise West well continues to produce around 180 bopd which is below initial expectations but remains a valuable cash-flow contribution to the Company. Currently the oil is trucked to Port Bonython in South Australia where it is stored prior to its export by tanker, normally to refineries in Singapore.

Central is actively pursuing market opportunities for domestic use whilst also concentrating on obtaining efficiencies in its transportation costs.

Exploration Application Areas, Northern Territory
Amadeus, Pedirka and Wiso Basins - Various Areas (see Table on Page 93)

The Company continued to evaluate a number of these areas and has been working to gain Native Title clearance and secure the other necessary approvals in advance of award of exploration permit status.

Exploration Application Areas, Amadeus Basin, Western Australia
Areas 16/08-9, 17/08-9, 18/08-9 and L12-2

Subsequent to 30 June 2014, the Company has withdrawn from these application areas.

Reserves Information

The Company has no certified oil and gas reserves as defined by the Australian Stock Exchange but intends to certify its producing wells in the next 12 months after Dingo goes onto production.

Operating and Financial Review

Risks

Central was admitted to the ASX in 2006 and since that time has been exploring for and more recently producing oil and gas from onshore central Australia.

By its nature exploration is an extremely high risk business. Most exploration activity, in particular seismic and drilling is conducted in joint venture, thus enabling the joint venture participants to spread that risk, and reward. The risks include, but are not limited to, land access risk, geological risk, drilling operations risk, safety and environment. In addition, as with most businesses there is also market risk, product pricing risks and foreign exchange risk. Exploration is typically funded with risk capital. Debt capital is normally only available for development activities such as facility and pipeline construction.

Crude oil prices are benchmarked against a series of global pricing points, such as WTI, Brent and Tapis. Over the last five years crude oil, unlike most other commodities, has been extremely resilient to large swings in the market price. There is a spot market for oil and producers enjoy a relatively secure position on price for their product.

Business Strategy

Gas producers in Australia currently do not have a comparable spot market mechanism for their gas. Gas is generally sold under long term contracts. However, Central is of the view that there is an emerging push by Federal, State and Territorial governments for the near term (3 to 5 years) construction of additional gas pipelines to link into existing pipeline infrastructure and form a national grid for Australia. This will provide large and new markets for the estranged gas fields, present and future, in the Northern Territory and elsewhere. As a gas producer the Company is planning to be a part of this exciting "game changer".

Central will however continue to also explore for oil as it is a valuable source of revenue as well as being a risk spreading in the event the gas strategy falters. The Company is also investigating opportunities to produce and sell Helium.

Key financial and operating data

The following table and discussion is a one year (and five year) comparative analysis of the Consolidated Entities' key financial information. The Statement of Financial Position information is as at 30 June each year and all other data is for the years then ended.

Financial Data	2014 $Mill.	2013 $Mill.	2012 $Mill.	2011 $Mill.	2010 $Mill.
Operating revenue	3.72	-	-	-	-
Exploration expenditure	4.66	6.98	18.72	31.34	8.17
Loss after income tax	10.86	9.28	26.36	36.64	11.81
Equity issued during year	24.97	7.56	23.60	5.90	24.52
Property, plant and equipment	46.27	1.28	1.78	0.83	0.45
Borrowings	(23.77)	-	-	-	-
Net Assets (Total Equity)	43.07	24.65	24.20	25.90	56.51
Net Working Capital	3.26	4.93	10.64	12.14	46.27
Operating Data					
Gas Sales (GJ)	267,328	-	-	-	-
Oil Sales (barrels)	17,489	-	-	-	-
No of employees at 30 June	51	26	17	19	20

The 2014 year represents a milestone for Central as the company is now generating revenues from oil and gas. Oil production commenced at the Surprise Field in late March 2014. As a result of purchasing the producing Palm Valley Gas Field effective 31 March 2014 with an associated gas contract, the Company is also generating gas revenues.

Road Tanker collecting crude oil at Surprise

The Company recorded $3.2 million of operating revenue for the 2014 year. The existing purchaser of Palm Valley gas is scheduled to increase its nominations during 2015 and the currently undeveloped Dingo Gas Field is scheduled to provide gas into a new contract around the time the Dingo pipeline is completed, expected mid 2015. The Company will also actively seek out new gas sales opportunities. Oil production will continue from Surprise.

Exploration expenditure fluctuates year over year depending on activity levels, particularly with seismic and drilling costs. The fluctuations are even more pronounced for the smaller pure explorers like Central as their funding comes from the equity markets which over the last 2 to 3 years have essentially dried up for resource stocks. With onshore wells in central Australia costing between $10 million to $15 million per well, securing joint venture partners is critical to an active, meaningful exploration program. In 2013 Central completed two substantial farmout deals, one with Santos and another with TOTAL.

In addition to the exploration expenditure booked by the Company ($4.66 million in 2014) it is important to note that approximately $40 million was expended on exploration permits in which Central has a substantial and majority working interest in the year ended 30 June 2014.

From the table, it is noteworthy that Central's exploration spend for the 2011 and 2012 years was $63 million. This represents one regional seismic programme and three wells, funded 100% by the Company. With a change of management around 30 June 2012 this business model was changed to a more "risk spreading" approach.

'Loss before income tax for the Year' for Central is largely driven by the level of exploration expenditure. Central's accounting policy has consistently been to expense its exploration costs on an annual basis. Many other companies, particularly the smaller explorers, adopt the more conservative accounting policy of carrying forward those exploration costs on their balance sheets and then expensing at defined future points in time.

The significant change in the Company's Balance Sheet between 30 June 2013 and 30 June 2014 reflects the major acquisition transaction which saw Central acquire the onshore Australian assets of Magellan Petroleum ('Magellan'), being the Palm Valley Gas Field and Facility and the undeveloped Dingo Gas Field.

The asset purchase price was $35 million with a $20 million cash consideration and $15 million of equity issued to Magellan. The cash component was funded out of a $50 million project facility arranged with Macquarie Bank. The $30 million development component of the financing facility is primarily to fund the development of the Dingo field and construction of the Dingo gas pipeline. At 30 June 2014 Central had drawn down $3.77 million of that facility, and this along with the $20 million ($23.77 million in total) is recorded on the balance sheet as Borrowings. The acquired assets are recorded in the financial records using the "business combination" accounting policy and form part of the balance sheet asset "Property, plant and equipment".

Equity issued during the 2014 year was $25 million, comprising the $15 million of shares issued to Magellan and a $10 million share placement for cash in July 2013. Central recently completed a $6 million placement for cash.

Net working capital is the excess of current assets over current liabilities. For an explorer cash is usually the major component of current assets. The recent $6 million share placement has bolstered Central's liquidity.

The increase in the staff head count to 51 at 30 June 2014 compared to 26 at 30 June 2013 primarily reflects the acquisition of the Magellan assets including field staff at the Palm Valley Gas Plant and a portion of their Brisbane based staff. In addition staff have been added at the Surprise Field location. A number of the staff increases in these field locations are Traditional Owners.

Information on directors

Andrew P Whittle BSc (Hons)

Independent Non-Executive Chairman[1,3,5]

Mr Whittle has around 45 years of technical and managerial experience in the petroleum exploration and production industry with a focus on South East Asia and Australia. His experience includes over 21 years with several affiliates of Exxon Corporation in Australia, Singapore, Malaysia, Canada and the US, finally in the position of geological manager of Esso Australia. Thereafter, he was exploration manager for 5 years with GFE Resources Ltd, Australia. He has over 15 years' experience through PetroVal Australasian Pty Ltd, of which he is a founding director, and his private consulting company Sheristowe Pty Ltd, in preparing independent technical reports and in evaluating exploration and production assets and providing valuations, and expert opinions for a range of clients. He was closely involved in the exploration that led to the identification and discovery of the Thylacine gas field in the Otway Basin and in promoting Pexco into Indonesian deepwater exploration. He is also a member of the American Association of Petroleum Geologists, and the Petroleum Exploration Society of Australia.

Mr Whittle stepped down as a director of Malaysia listed Bumi Armada Sdn Bhd, a major offshore service company in June 2014, a role he held since June 2011. He is currently a non-executive director of ASX listed Bass Strait Oil Ltd. Within the last three years, he has not been a director of any other listed public company.

Richard I Cottee BA LLB (Hons)

Managing Director and Chief Executive Officer [3]

With a background in law and energy, Mr Cottee is a prominent figure in the Australian oil and gas industry having taken QGC from an early stage explorer to a major unconventional gas supplier sold to BG Group for $5.7 billion.

Mr Cottee has renowned international energy experience with an outstanding reputation for driving company market development. A lawyer, Mr Cottee has also served as the director of marketing and sales for Cyprus Amax and then was named managing director of England, Wales, Scotland, Ireland and the Scandinavian and Norway regions for NRG Energy. Previously he worked with Santos Oil and Gas. He was also chief executive officer of CS Energy Ltd, a Queensland Government owned electricity generator.

Mr Cottee is currently a non-executive chairman of Austin Exploration Limited and is a principal of Freestone Energy Partners Pty Ltd ("FEP"). Within the last three years, he has not been a director of any other listed public company.

Michael R Herrington BSc (Engineering), PE (Petroleum)

Executive Director and Chief Operating Officer [7]

Mr Herrington was recently upstream president for QGC, a BG Group Company, managing director for Jabiru Energy and previously was managing director for Enron Exploration Australia Pty Ltd based in Queensland, Australia and Enron Oil & Gas China Ltd based in Beijing, China. Mr Herrington has more than 30 years of diversified petroleum industry experience, holds a BS degree in civil engineering from the University of Utah and is a registered professional engineer. He has set up operations in Spain, France, Australia as well as China. These efforts have been consistently results orientated and have been completed on time and under budget invoking state of the art technology and developing new concepts where necessary incorporating such diverse technologies as satellite imaging and drilling rig modifications. In particular he has managed efforts to establish coal bed methane recovery leases in Europe, Australia and Asia.

Within the last three years, Mr Herrington has not been a director of any other listed public company.

Wrixon F Gasteen BE (Hons), MBA (Dist)

Independent Non-Executive Director [2]

Mr Gasteen is a director and co-founder of Ikon Corporate (Singapore), established in 2007 to provide corporate advisory, capital raising and management consulting services. Previously Mr Gasteen was chief executive officer of Hong Leong Asia (HLA) where he presided over the transformation and rapid development of the company by both acquisition and organic growth, from a loss making South East Asian building materials company with $300m in annual sales to $2.2bn in annual sales. He was director of Tasek Corporation (cement) (KLSE) and also chairman and president of China Yuchai International (diesel engines) listed on the New York Stock Exchange (NYSE).

In March 2014 Mr Gasteen joined the board of ASX listed Sino Australia Oil & Gas as a non-executive director. Within the last three years, Mr Gasteen has not been a director of any other listed public company.

William J Dunmore BSc MSc

Independent Non-Executive Director [7]

Mr Dunmore is an experienced reservoir and production engineer with significant transaction, analysis and financial modelling knowledge from consulting and employment with a number of petroleum companies and financial institutions including Barclays Bank, Unicredit, HVB, British Gas, HBOS/BankWest, SMBC, BHP Petroleum, Schlumberger, Hardman, Mobil, Petrobras, Total, Nippon Oil and Powergen.

Mr Dunmore has over 35 years of direct relevant experience in Australia, Europe and elsewhere. He actively consults to a number of clients. Recent and current projects have included several very large gas and LNG developments in Asia and Australia as well as oil and gas projects located around the world. He has also advised on asset finance such as drilling rig conversions and FPSO new build and construction. He is a member of the Society of Petroleum Engineers.

Within the last three years, Mr Dunmore has not been a director of any other listed public company.

Robert Hubbard FCA

Independent Non-Executive Director[1,4]

Mr Hubbard was a partner with PricewaterhouseCoopers for 22 years specialising in audit, deals and valuation advice specialising in the resources sector. He has highly developed financial skills and business experience including managing significant capital and growth agendas, risk management, best practice corporate governance and valuations.

Mr Hubbard is a non-executive director of Bendigo and Adelaide Bank Limited as well as ASX and TSX listed Orocobre Limited. Within the last three years, he has not been a director of any other listed public company.

John Thomas (Tom) Wilson, BSc (Zoology) MSc(Geology)

Non-Executive Director

Mr Wilson began his career as a geologist with Shell Oil Company before joining Apache Corporation, where he held various management positions and led Apache's entry into international markets. Subsequent to Apache, Mr Wilson served as president of Anderman International, which developed the Chernogoskoye Field in western Siberia. Mr Wilson joined the management team of Yamal Energy Partners, which developed the South Tambay Field, possibly the first Russian-led LNG project in the Russian Republic, which was later sold to Gazprom.

Mr Wilson was appointed a director of US based Magellan Petroleum Corporation in 2009 and the Company's CEO in 2011. Within the last three years, he has not been a director of any other listed public company.

Dr Peter S Moore PhD BSc (Hons) MBA

Independent Non-Executive Director [3, 6]

Dr Peter Moore has over thirty years of experience in the oil and gas business. His career includes roles with the Geological Society of Western Australia, Delhi Petroleum Pty Ltd, the exploration operator of the Cooper Basin consortium in South Australia and Queensland, Esso Australia, Exxon Exploration Company in Houston and from 1998 until his retirement in 2013, with Woodside Energy Ltd.

At Woodside Energy Peter held various roles including most recently Executive Vice President Exploration. In this capacity he was a member of Woodside's Executive Committee and Opportunities Management Committee, a leader of its Crisis Management Team and Head of the Geoscience function across the company. He was also a director of a number of Woodside's subsidiary companies.

Dr Moore is Chair of the Curtin Graduate School of Business Advisory Board and a Member of the Elsevier Oil & Gas Advisory Board. Within the last three years, he has not been a director of any other listed public company.

[1] Member of the audit committee
[2] Chairman of the audit committee
[3] Member of the remuneration committee
[4] Chairman of the remuneration committee
5 Member of the nominations committee
6 Chairman of the nominations committee
7 Member of the nominations committee up to 30 June 2014

Company secretaries

Daniel CM White LLB BCom LLM (Merit)

Mr White is an experienced oil & gas lawyer in corporate finance transactions, mergers and acquisitions, equity and debt capital raisings, joint venture, farmout and partnering arrangements and dispute resolution. He has previously held senior international based positions with Kuwait Energy Company and Clough Limited.

Joseph P Morfea

Mr Morfea has over 35 years of experience in the resource industry having held key financial positions with both Australian and international based companies. He was most recently Chief Financial Officer of Magellan Petroleum Australia Pty Ltd, a wholly owned subsidiary of Denver based Magellan Petroleum Corporation. Prior to Magellan Mr Morfea worked for Santos Limited and Theiss Dampier Mitsui Coal Pty Ltd.

Directors' meetings

The number of directors' meetings held where the director was eligible to attend and the number of meetings attended by each of the directors of the Company during the financial year were:

	Full Meeting of Directors		*Audit Committee*		*Remuneration Committee*		*Nominations Committee*	
	Number of meetings eligible	Number of meetings attended	Number of meetings eligible	Number of meetings attended	Number of meetings eligible	Number of meetings attended	Number of meetings eligible	Number of meetings attended
Andrew Whittle	6	6	3	3	1	1	nil	nil
Richard Cottee	6	6	nil	nil	nil	nil	1	1
William Dunmore	6	6	nil	nil	nil	nil	1	1
Michael Herrington	6	6	nil	nil	nil	nil	1	1
Wrixon Gasteen	6	6	3	3	nil	nil	nil	nil
Robert Hubbard	3	3	1	1	1	1	nil	nil
Tom Wilson	1	1	nil	nil	nil	nil	nil	nil
Peter Moore	1	1	nil	nil	1	1	nil	nil

Realised Remuneration of Directors and Key Management Personnel for the 2014 Year

The Directors consider the remuneration information contained within the tables presented in the statutory remuneration report (pages 21 to 32) may give a distorted view of the true remuneration realised by the directors and key management personnel for the 2014 Year.

This is a voluntary disclosure and has been included to assist shareholders in forming an understanding of the cash and other benefits actually received by directors and key management personnel.

Non-Executive Directors	Salary/ fees $	Non-monetary benefits[1] $	Superannuation contributions $	Amount $	% of TRP	Value of LTI Grant that Vested $	Actual Total Remuneration Package (TRP) $
Andrew Whittle	101,666	11,707	9,404	122,777	100%	-	122,777
William Dunmore	94,476	-	-	94,476	100%	-	94,476
Wrixon Gasteen	75,000	13,008	-	88,008	100%	-	88,008
Robert Hubbard[2]	40,265	-	3,724	43,989	100%	-	43,989
Thomas Wilson[3]	16,250	-	-	16,250	100%	-	16,250
Peter Moore[4]	16,042	-	1,484	17,526	100%	-	17,526
Sub-total	343,699	24,715	14,612	383,026	100%	-	383,026
Executive Directors & Key Management Personnel							
Richard Cottee[5]	580,005	-	22,945	602.950	100%	-	602,950
Michael Herrington	587,995	11,707	33,068	632,770	100%	-	632,770
Daniel White	432,155	-	26,693	458,848	92%	42,534	501,382
Bruce Elsholz	303,728	-	27,689	331,417	91%	33,060	364,477
Leon Devaney	311,241	-	29.180	340,421	91%	32,480	372,901
Michael Bucknill	321,663	-	27,651	349,314	100%	-	349,314
Robbert Willink	340,236	-	29,116	369,352	100%	-	369,352
Sub-total	2,877,023	11,707	196,342	3,085,072	97%	108,074	3,193,146
Total Remuneration	**3,220,722**	**36,422**	**210,954**	**3,468,098**	**97%**	**108,074**	**3,576,172**

1 Fringe benefits tax
2 Appointed 6 December 2013
3 Appointed 31 March 2014
4 Appointed 14 April 2014
5 Mr Cottee's services are provided by Freestone Energy Partners ("FEP"). Mr Cottee has a 50% beneficial equity interest in FEP

Significant changes in the state of affairs

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

- Acquired the Palm Valley Gas Field and Production Facilities and the undeveloped Dingo Gas Field from Magellan Petroleum Corporation for $35 million, comprising $20 million cash and $15 million of Central share capital.
- Entered into a $50 million debt facility with Macquarie Bank Limited. The facility comprises $20 million for the cash component of the purchase price to acquire the Palm Valley and Dingo assets and up to $30 million of development capital for the Dingo Field and pipeline.
- Magellan Petroleum Corporation became Central's largest shareholder with 39,473,684 shares which represents 11.32% of the Company's equity at 30 June 2014.
- There was approximately $45 million (gross) of exploration expenditure on Central's acreage in the year ended 30 June 2014, including through joint ventures with Santos and Total E&P.
- Commercial oil production from the Surprise Field commenced in March 2014.

Matters subsequent to the end of the financial year

(i) Decision on Legal Matter with John Heugh

On 5 September 2014 the Court found that it was not reasonable for the board to terminate Mr Heugh's contract and awarded him damages of $1,598,298 inclusive of interest. $1,000,000 of the claim is covered pursuant to the Company's Employment Practices Liability insurance.

More details of the decision are contained on page 20 of the Directors' Report.

(ii) Share Placement

On 24 September 2014 the Company agreed to place 20 million shares at $0.30 per share with institutional investors in Australia and Hong Kong raising $6 million.

Other than the above, no matters or circumstances, have arisen since the end of the financial year which significantly affected or may affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future financial years.

Refer also to note 34 to the Consolidated Financial Statements.

Likely developments and expected results of operations

Exploration will continue in both the Amadeus and Southern Georgina Basins in the search for commercial accumulations of hydrocarbons. Gas, from both conventional and unconventional sources, will remain Central's primary target in the near to mid-term. The Company's 100% owned gas pipeline connecting the Dingo gas field to Alice Springs is expected to be completed in the first half of the 2015 calendar year. As a result, Dingo gas will be supplying a new sales contract which is already in place. Deliveries under that contract will commence concurrently with the commissioning of the pipeline. Additional gas sales contracts for both Dingo and Palm Valley gas will be sought. Both fields have available capacity as does the existing pipeline infrastructure in the Northern Territory.

Oil sales from the Surprise West -1 will continue to provide a valuable contribution to the funding of Central's working capital requirements. The cash netback per barrel is key and the Company will look to alternative sales opportunities as well as improved cost efficiencies both at the field and with transportation costs. Production from a second oil well nearby to Surprise West-1 would incur minimal additional field operating expenses and there is expected to be transportation efficiencies. The economics of a second well continue to be monitored.

The prospect of an interconnect of Northern Territory gas to the large gas hungry markets on the eastern seaboard of Australia through a pipeline which is currently under active consideration, has the potential to radically enhance the economics of exploration effort. Central with its significant reserve growth potential in central Australia and in particular in the Northern Territory is well positioned to participate and benefit from such a pipeline.

Environmental regulation

The Consolidated Entity is subject to significant environmental regulation with regard to its exploration activities.

The Consolidated Entity aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company and the Consolidated Entity are not aware of any breach of environmental legislation for the year under review.

Insurance of directors and officers

During the financial year, the Group paid premiums to insure Directors and Officers of the Group. The contracts include a prohibition on disclosure of the premium paid and nature of the liabilities covered under the policy.

Number of employees

The Company had 51 employees at 30 June 2014 (26 at 30 June 2013).

Proceedings on behalf of the Company

Except as referred below no person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings. The Consolidated Entity was a party to the following proceedings during the year.

Legal Action with John Heugh

In 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.

Mr Heugh has also brought 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.

Decision on Termination of Employment

On 5 September 2014 Mr Justice Le Miere handed down his judgement on the case alleging unfair dismissal of John Heugh by the board of Central Petroleum in the first quarter of 2012.

The Court found that Mr Heugh seriously breached his employment contract by failing to comply with the directions of the board by putting pressure on its then Exploration Manager not to accept responsibility for farmouts, and by failing to ensure the proper implementation of Central Petroleum's policies, procedures and systems and in particular its code of conduct. However, the Court held that Mr Heugh remedied those breaches.

The Court found that it was not reasonable for the board to terminate Mr Heugh's contract and awarded him damages of $1,598,298 inclusive of interest. $1,000,000 of the claim is covered pursuant to the Company's Employment Practices Liability insurance.

The Company will not initiate an appeal of this decision and has paid the proportion of the damages not covered by insurance to the plaintiff.

Defamation Case

No hearing date has yet been set for the defamation case.

Non-audit services

During the year the Company engaged the auditor, PricewaterhouseCoopers (PwC) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity was important.

Details of amounts paid or payable to the auditor (PwC) for non-audit services provided during the year are set out below.

The board of directors is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* and did not compromise the general principles relating to auditor independence in accordance with APES 110 *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

	CONSOLIDATED	
	2014	**2013**
PwC Australian firm:	**$**	**$**
(i) Taxation services		
Tax compliance	82,266	83,209
	82,226	**83,209**
(ii) Other services		
Corporate advisory – due diligence	181,607	-
Remuneration benchmarking	10,000	12,500
Forensic services	-	20,240
	191,607	**32,740**
Total remuneration for non-audit services	**273,873**	**115,949**

Auditor's Independence

The directors received an Independence Declaration from the auditor of Central Petroleum Limited as required under section 307C of the Corporations Act 2001 and this is set out on page 33.

Remuneration report

This remuneration report, which has been audited, outlines the remuneration arrangements in place for directors and other key management personnel of the Consolidated Entity.

Directors and Key Management Personnel

The directors and key management personnel of the Consolidated Entity during the year and up to signing date of the annual report were:

Directors		
Andrew Whittle	Non –Executive Chairman	
Richard Cottee	Managing Director and Chief Executive Officer	
William Dunmore	Non-Executive Director	
Michael Herrington	Executive Director and Chief Operating Officer	
Wrixon Gasteen	Non-Executive Director	
Robert Hubbard	Non-Executive Director	Appointed 6 December 2013
J.Thomas Wilson	Non-Executive Director	Appointed 31 March 2014
Peter Moore	Non-Executive Director	Appointed 14 April 2014
Other Key Management Personnel		
Bruce Elsholz	Chief Financial Officer and Company Secretary [1]	
Daniel White	Group General Counsel and Company Secretary	
Leon Devaney	Chief Commercial Officer [2]	
Robert Willink	Exploration Advisor	
Michael Bucknill	General Manager Exploration	

[1] Resigned as Company Secretary effective 25 August 2014 and has given notice of his resignation as Chief Financial Officer.
[2] To be appointed Chief Financial Officer effective 31 October 2014.

Remuneration Policy

Proposed Changes from July 2014

The remuneration policy of the Company is to pay its directors and executives amounts in line with employment market conditions relevant to the oil and gas exploration industry. Accordingly, the Company is currently revamping its remuneration practices and in particular its short term and long term incentive plans with a particular focus on creating strong linkages between shareholder value as measured by shareholder returns and executive remuneration. Consequently the major component of executive incentives will be the long term incentive plan (LTIP) rather than the short term incentive plan (STIP). These changes are to be effective from 1 July 2014. It is intended that the long term incentive plan (LTIP) will be put to a shareholder vote at the 2014 Annual General Meeting to be held in November 2014. More complete details of the plans will be provided in the Notice of Meeting to Shareholders and in subsequent annual reports of the Company.

Remuneration Consultants

In 2014 the Board engaged PricewaterhouseCoopers to provide guidance on current industry practice for remunerating senior executives. The results were presented to the Chairman of the Board for consideration. A fee of $10,000 was paid for this service. During the engagement the consultant liaised directly with the Chairman and management was only involved to the extent of providing factual information.

In 2014 the Remuneration Committee engaged RMBN Pty Ltd to carry out a review of the proposed STIP and LTIP plans and to provide an opinion as to how such a proposed plan would be viewed by proxy advisors and institutional investors. A fee of $19,500 was paid for this service. During this engagement the consultant liaised directly with the Chair of the Remuneration Committee and management was only involved to the extent of providing factual information.

The performance of the Company depends upon the quality of its directors and executives and the Company strives to attract, motivate and retain highly qualified and skilled management.
Salaries and directors fees are reviewed at least annually to ensure they remain competitive with the market.
For periods up to and ended on 30 June 2014 the remuneration of directors and executives consisted of the following key elements:

Non-Executive Directors

- Fees including statutory superannuation;
- No further participation in short or long term incentive schemes. Whilst some of the current non-executive directors benefit from options issued in accordance with shareholder approval in 2012 no further issues have been made and it is not intended that non-executive directors will participate in either the LTIP or STIP in the future.

Executives including executive directors

- Annual salary and non-monetary benefits including statutory superannuation;
- Participation in outcomes based bonuses over and above salary arrangements;
- Participation in an incentive option scheme;
- There is no guaranteed base pay increases included in any executive's contract.

From 1 July 2014 the outcomes based bonus arrangement will be replaced by a performance based plan comprising a matrix of corporate, departmental and individual key performance indicators (KPI's) for all eligible employees. The Company's Board of Directors will determine the maximum amount of KPI achievable in any year (normally expressed as a percentage of base salary). Achieving that maximum is contingent upon all of the KPI's in the matrix being met at the 100% level. The KPI's will be reviewed at the beginning of each year and adjusted where necessary to reflect Central's strategic direction. Consistent with the Directors focus on appreciation in shareholder value as the major form of incentive, STI payments will be limited to a maximum of 10 % of base salary in 2014/15.

Effective for years commencing 1 July 2014 onwards and subject to shareholder approval the Company will implement a share based LTIP to incentivise eligible employees. The proposed delivery instrument will be performance rights. The Company will make annual grants under this plan. The maximum number of performance rights granted in any year will have a value equivalent to a percentage of base salary. The actual number of performance rights granted in any year will be determined by measuring CTP's share price performance over that year compared to a peer group of companies (a relative measure) and compared to its absolute share price movement over a 3 year cycle. Non-executive directors will not be eligible to participate in the LTIP. The LTIP will also include all other aspects considered appropriate to make the LTIP contemporary.

Subject to shareholder approval of the proposed new LTIP, the Company does not expect to be granting any further options to employees or directors under the Company's 2012 Share Option Plan for Directors and Employees.

Outcomes based bonus scheme

Participation in the bonus scheme is at the discretion of the board of directors. In determining the extent of any outcomes based bonus, the Company takes into consideration the objectives of the Company, as the Company may set from time to time, and any other matter that it deems appropriate.

The outcomes will vary each year. In certain years there may be no outcomes achieved that merit a bonus. In 2014 the outcomes for which a bonus pool was allocated were the successful closing of the acquisition of the Magellan assets and the closing of the Financing Facility with Macquarie Bank, and the successful renegotiation of Phase 1 of the farm-deal with TOTAL which expanded both the dollar amount (increase of US$35 million) and the duration (to August 2015).

Incentive Option Schemes

On 19 July 2012 shareholders approved 172,922,033 options (34,584,407 after the 1 for 5 securities consolidation) be issued to FEP on 8 August 2012 exercisable at $0.09 ($0.45 after the 1 for 5 securities consolidation) subject to the satisfaction of various market price vesting hurdles. Mr Richard Cottee has a beneficial equity interest in FEP. On 29 November 2012 shareholders approved the grant of 20,500,000 options (4,100,000 after the 1 for 5 securities consolidation) to various directors exercisable at $0.09 ($0.45 after the 1 for 5 securities consolidation) subject to various market price vesting hurdles. Neither the options issued to FEP or to the directors have any performance hurdles.

On 28 November 2013 shareholders approved the grant of 1,800,000 options to Mr Michael Herrington exercisable at $0.475 subject to the satisfaction of various vesting hurdles. During the year ended 30 June 2014 employees were granted 21,896,680 options (4,379,336 after the 1 for 5 securities consolidation) exercisable at $0.09 ($0.45 after the 1 for 5 securities consolidation) and 207,000 options exercisable at $0.65, all subject to various market price vesting hurdles. No options were granted to employees under the incentive option scheme during the year ended June 2013.

In addition to the market price vesting hurdles the options issued to employees and to Executive Director Mr Michael Herrington also have performance hurdles. The matrix is 80% of the options are subject the satisfying key performance indicators (a combination of personal, departmental and corporate) with the remaining 20% subject to continued employment.

Details of the options granted to Mr Michael Herrington and key management personnel are included in table 5 (page 29) of this remuneration report. No other director received options under the Incentive Option Scheme that contained any performance criteria in respect of their vesting.

Details of remuneration

Details of the remuneration of the directors and the key management personnel of Central Petroleum Ltd and the Consolidated Entity are set out in the following tables. Details of realised remuneration appear on page 18.

Table 1: Remuneration of Directors and Key Management Personnel

		Short-term		**Post-employment**		**Long-term benefits**	**Share-based payments**		
		Salary/ fees $	Non-monetary benefits[1] $	Superannuation contributions $	Term'tion Benefits **$**	Long service leave $	(At Risk) Options [12] $	Total $	Value of options as proportion of remuneration %
Non-Executive Directors									
Andrew Whittle	2014	101,666	11,707	9,404	-	-	118,392	241,169	49%
	2013	87,500	4,489	6,375	-	-	69,224	167,588	41%
William Dunmore	2014	94,476	-	-	-	-	-	94,476	0%
	2013	67,500	-	-	-	-	-	67,500	0%
Wrixon Gasteen	2014	75,000	13,008	-	-	-	131,547	219,555	60%
	2013	75,000	4,991	-	-	-	76,915	156,906	49%
Henry Askin[2]	2014	-	-	-	-	-	-	-	-
	2013	41,667	6,484	3,750	-	-	99,990	151,891	66%
Robert Hubbard[3]	2014	40,265	-	3,724	-	-	-	43.989	0%
	2013	-	-	-	-	-	-	-	-
Thomas Wison[4]	2014	16,250	-	-	-	-	-	16,250	0%
	2013	-	-	-	-	-	-	-	-
Peter Moore[5]	2014	16,042	-	1,484				17,526	0%
	2013	-	-	-	-	-	-	-	-
	2014	343,699	24,715	14,612	-	-	249,939	632.965	39%
	2013	271,667	15,964	10,125	-	-	246,129	543,885	45%
Executive Directors and Other Key Management Personnel									
Richard Cottee[11]	2014	580,005	-	22,945	-	7,536	1,887,313	2,497,799	76%
	2013	577,785	-	21,630	-	3,377	1,784,181	2,386,973	75%
Michael Herrington[10]	2014	587,995	11,707	33,068	-	6,298	118,392	757,460	16%
	2013	380,339	4,489	24,229	-	2,067	69,224	480,348	14%
Daniel White	2014	432,155	-	26,693	-	10,014	3,733	472,595	1%
	2013	433,139	-	30,150	-	9,961	-	473,240	0%
Bruce Elsholz	2014	303,726	-	27,689	-	7,520	2,622	341,557	1%
	2013	267,852	-	22,385	-	9,598	-	299,835	0%
Leon Devaney	2014	311,241	-	29.180	-	3,837	2,576	346,834	1%
	2013	175,180	-	15,766	-	1,133	-	192,079	0%
Michael Bucknill[6]	2014	321,663	-	27,651	-	2,560	2,000	353,874	1%
	2013	-	-	-	-	-	-	-	-
Robbert Willink[7]	2014	340,236	-	29,116	-	2,816	2,400	374,568	1%
	2013	-	-	-	-	-	-	-	-
Dalton Hallgren[8]	2014	-	-	-	-	-	-	-	-
	2013	247,126	-	18,388	-	(1,551)	9,461	273,424	3%
Trevor Shortt[9]	2014	-	-	-	-	-	-	-	-
	2013	306,339	-	29,700	-	(2,171)	20,086	353,954	6%
Sub-total	2014	2,877,023	11,707	196,341	-	40,581	2,019,036	5,144,688	39%
	2013	2,387,760	4,489	162,248	-	22,404	1,882,952	4,459,853	42%
Total Remuneration	**2014**	**3,220,721**	**36,421**	**210,954**	**-**	**40,581**	**2,268,975**	**5,777,652**	**39%**
	2013	**2,659,427**	**20,453**	**172,373**	**-**	**22,404**	**2,129,081**	**5,003,738**	**43%**

[1] Represents fringe benefits tax. Directors and Officers Liability Insurance premiums have been removed from the 2013 comparatives.
[2] Retired 30 November 2012
[3] Appointed 6 December 2013
[4] Appointed 31 March 2014
[5] Appointed 14 April 2014
[6] Appointed 1 July 2013
[7] Appointed 1 July 2013
[8] Resigned 31 January 2013
[9] Resigned 29 June 2013
[10] Appointed Chief Operating Officer 31 January 2013
[11] Freestone Energy Partners Pty Ltd ("FEP") have provided the services of Richard Cottee on the basis of a secondment. As such compensation is made to FEP in line with Richard Cottee's service agreement shown on page 31. Richard Cottee has a 50% beneficial equity interest in FEP.
[12] The valuation date for options issued to FEP was 19 July 2012 and to directors was 29 November 2012.

Details of remuneration (continued)

The fair values of options granted during 2014 were independently valued. The values are calculated at the dates of grant using a Binomial valuation model. The values are allocated to each reporting period evenly over the period from grant date to vesting date.

The values disclosed for 2014 are the portions of the fair values applicable to and recognised in this reporting period. The following factors and assumptions were used in determining the fair value of options at grant date:

Grant date	*Expiry date*	*Fair value per option*	*Exercise price*	*Price of shares at grant date*	*Estimated volatility*	*Risk free interest rate*	*Dividend yield*
10 Jul 13	15 Nov 15	$0.047[1]	$0.45[1]	$0.63[1]	60% to 90%	2.73%	-
28 Nov 13	15 Nov 17	$0.045	$0.475	$0.32	45% to 65%	2.69%	-

[1] *Values adjusted to reflect the 1 for 5 consolidation of all Company securities at 30 September 2013*

The values disclosed for 2013 are the portions of the fair values applicable to and recognised in this reporting period. The following factors and assumptions were used in determining the fair value of options at grant date:

Grant date	*Expiry date*	*Fair value per option[1]*	*Exercise price[1]*	*Price of shares at grant date[1]*	*Estimated volatility*	*Risk free interest rate*	*Dividend yield*
19 Jul 12	15 Nov 15	$0.235	$0.45	$0.625	60% to 90%	2.73%	-
19 Jul 12	15 Nov 17	$0.270	$0.45	$0.625	60% to 90%	2.77%	-
19 Jul 12	15 Nov 17	$0.245	$0.45	$0.625	60% to 90%	2.77%	-
29 Nov 12	15 Nov 15	$0.385	$0.45	$0.755	50% to 80%	2.73%	-
29 Nov 12	15 Nov 17	$0.420	$0.45	$0.755	50% to 80%	2.77%	-
29 Nov 12	15 Nov 17	$0.400	$0.45	$0.755	50% to 80%	2.77%	-

[1] *Values adjusted to reflect the 1 for 5 consolidation of all Company securities at 30 September 2013*

Details of remuneration (continued)

Table 2: Share based compensation – Options granted and vested during the year

	Year	Number of options granted[1]	Grant date	Average fair value at grant date[1]	Average exercise price per option[1]	Expiry date	Number of options vested[1]	Proportion of options vested %
Non-Executive Directors								
Andrew Whittle	2014	-	-	-	-	-	-	-
	2013	900,000	29 Nov 12	$0.40	$0.45	15 Nov 15 and 15 Nov 17	300,000	33%
Wrixon Gasteen	2014	-	-	-	-	-	-	-
	2013	1,000,000	29 Nov 12	$0.40	$0.45	15 Nov 15 and 15 Nov 17	333,334	33%
Henry Askin[2]	2014	-	-	-	-	-	-	-
	2013	1,300,000	29 Nov 12	$0.40	$0.45	15 Nov 15 and 15 Nov 17	433,334	33%
William Dunmore	2014	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-
Robert Hubbard [3]	2014	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-
Tom Wilson [4]	2014	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-
Peter Moore [5]	2014	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-
Executive Directors and Other Key Management Personnel								
Richard Cottee[9]	2014	-	-	-	-	-	-	-
	2013	34,584,407	19 Jul 12	$0.25	$0.45	15 Nov 15 and 15 Nov 17	9,683,634	28%
Michael Herrington	2014	1,800,000	28 Nov 13	$0.0825	$0.475	15 Nov 17	-	-
	2013	900,000	29 Nov 12	$0.40	$0.45	15 Nov 15 and 15 Nov 17	300,000	33%
Daniel White	2014	733,334	10 Jul 13	$0.058	$0.45	15 Nov 15	733,334	100%
	2013	-	-	-	-	-	-	-
Bruce Elsholz	2014	570,000	10 Jul 13	$0.058	$0.45	15 Nov 15	570,000	100%
	2013	-	-	-	-	-	-	-
Leon Devaney[6]	2014	560,000	10 Jul 13	$0.058	$0.45	15 Nov 15	560,000	100%
	2013	-	-	-	-	-	-	-
Michael Bucknill[7]	2014	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-
Robbert Willink[8]	2014	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-
Total compensation options	2014	**3,663,364**					**1,863,334**	**51%**
	2013	**38,684,407**					**11,050,302**	**29%**

[1] After 1 for 5 consolidation of all Company securities issued before 30.9.2013
[2] Retired 30 November 2013
[3] Appointed 6 December 2013
[4] Appointed 31 March 2014
[5] Appointed 14 April 2014
[6] Appointed 6 November 2012
[7] Appointed 1 July 2013
[8] Appointed 1 July 2013
[9] Freestone Energy Partners Pty Ltd ("FEP") have provided the services of Richard Cottee on the basis of a secondment. As such compensation is made to FEP in line with Richard Cottee's service agreement shown on page 31. Richard Cottee has a 50% beneficial equity interest in FEP.

Details of remuneration (continued)

Table 3: Options granted as part of remuneration

2014	Value of options granted during the year ($)	Value of options lapsed during the year ($)	Remuneration consisting of options for the year (%)
Non-Executive Directors			
Andrew Whittle	-	-	-
William Dunmore	-	(55,928)	-
Wrixon Gasteen	-	-	-
Robert Hubbard[1]	-	-	-
Tom Wilson[2]	-	-	-
Peter Moore[3]	-	-	-
Executive Directors and Other Key Management Personnel			
Richard Cottee	-	-	-
Michael Herrington	148,500	-	18%
Bruce Elsholz	33,060	-	9%
Daniel White	42,534	-	8%
Leon Devaney	32,480	-	9%
Michael Bucknill[4]	-	-	-
Robbert Willink[5]	-	-	-

2013	Value of options granted during the year ($)	Value of options lapsed during the year ($)	Remuneration consisting of options for the year (%)
Non-Executive Directors			
Andrew Whittle	361,500	-	41%
William Dunmore	-	-	-
Wrixon Gasteen	401,666	-	49%
Henry Askin[6]	522,166	-	68%
Executive Directors and Other Key Management Personnel			
Richard Cottee	8,653,019	-	75%
Michael Herrington	361,500	-	15%
Bruce Elsholz	-	-	-
Daniel White	-	-	-
Leon Devaney	-	-	-

[1] Appointed 6 December 2013
[2] Appointed 31 March 2014
[3] Appointed 14 April 2014
[4] Appointed 1 July 2013
[5] Appointed 1 July 2013
[6] Retired 20 November 2012

No other options were exercised during either year, and no shares were issued on exercise of compensation options.

Details of remuneration (continued)

Table 4: Shareholdings of key management personnel

(All shareholding numbers adjusted for the 1 for 5 consolidation of the Company's securities at 30 September 2013)

	Held at beginning of year	Held at date of appointment	On market purchases	Received on exercise of options	Net change other	Held at date of departure	Held at end of year
Non-Executive Directors							
Andrew Whittle							
2014	133,680	N/A	-	-	-	N/A	133,680
2013	80,000	N/A	53,680	-	-	N/A	133,680
William Dunmore							
2014	183,743	N/A	-	-	-	N/A	183,743
2013	155,334	N/A	-	-	28,104	N/A	183,743
Wrixon Gasteen							
2014	104,000	N/A	-	-	(7,000)	N/A	97,000
2013	-	N/A	104,000	-	-	N/A	104,000
Henry Askin [1]							
2014	N/A	N/A	-	-	-	N/A	N/A
2013	774,546	N/A	-	-	-	774,546	N/A
Robert Hubbard [2]							
2014	N/A	64,100	-	-	-	N/A	64,100
2013	N/A	N/A	-	-	-	N/A	N/A
Tom Wilson [3]							
2014	N/A	-	-	-	-	N/A	-
2013	N/A	N/A	-	-	-	N/A	N/A
Peter Moore [4]							
2014	N/A	-	-	-	-	N/A	-
2013	N/A	N/A	-	-	-	N/A	N/A
Executive Directors and Other Key Management Personnel							
Richard Cottee							
2014	208,683	N/A	-	-	-	N/A	208,683
2013	-	N/A	208,683	-	-	N/A	208,683
Michael Herrington							
2014	200,000	N/A	-	-	-	N/A	200,000
2013	-	N/A	200,000	-	-	N/A	200,000
Daniel White							
2014	288,000	N/A	-	-	-	N/A	288,000
2013	288,000	N/A	-	-	-	N/A	288,000
Bruce Elsholz							
2014	-	N/A	-	-	-	N/A	-
2013	-	N/A	-	-	-	N/A	-
Leon Devaney							
2014	110,000	N/A	-	-	-	N/A	110,000
2013	-	N/A	110,000	-	-	N/A	110,000
Michael Bucknill							
2014	-	31,000	-	-	-	N/A	31,000
2013	-	N/A	-	-	-	N/A	N/A
Robbert Willink							
2014	-	-	-	-	-	N/A	-
2013	-	N/A	-	-	-	N/A	N/A

[1] *Retired 30 November 2012*
[2] *Appointed 6 December 2013*
[3] *Appointed 31 March 2014*
[4] *Appointed 14 April 2014*

Details of remuneration (continued)

Table 5: Option holdings of key management personnel

(All options issued prior to the Company's securities consolidation on 30 Sept 2013 have been adjusted to reflect that 1 for 5 consolidation.)

	Held at beginning of year	Options exercised	Granted as remuneration	Net change other	Held at date of departure	Held at end of year
Non-Executive Directors						
Andrew Whittle						
2014	900,000	-	-	-	N/A	900,000[2]
2013	-	-	900,000	-	N/A	900,000
William Dunmore						
2014	280,000	-	-	(280,000)	N/A	-
2013	280,000	-	-	-	N/A	280,000
Wrixon Gasteen						
2014	1,000,000	-	-	-	N/A	1,000,000[3]
2013	-	-	1,000,000	-	N/A	1,000,000
Henry Askin[1]						
2014	N/A	-	N/A	N/A	N/A	N/A
2013	668,000	-	1,300,000	-	1,968,000	N/A
Robert Hubbard						
2014	N/A	-	-	-	N/A	-
2013	N/A	-	N/A	-	N/A	N/A
Tom Wilson						
2014	N/A	-	-	-	N/A	-
2013	N/A	-	N/A	-	N/A	N/A
Peter Moore						
2014	N/A	-	-	-	N/A	-
2013	N/A	-	N/A	-	N/A	N/A

	Held at beginning of year	Options exercised	Granted as remuneration	Net change other	Held at date of departure	Held at end of year
Executive Directors and Other Key Management Personnel						
Richard Cottee						
2014	34,584,407	-	-	-	N/A	34,584,407[7]
2013	-	-	34,584,407	-	N/A	34,584,407
Michael Herrington						
2014	900,000	-	1,800,000	-	N/A	2,700,000[2]
2013	-	-	900,000	-	N/A	900,000
Daniel White						
2014	929,200	-	733,334	(19,200)	N/A	1,643,334[4]
2013	929,200	-	-	-	N/A	929,200
Bruce Elsholz						
2014	600,000	-	570,000	-	N/A	1,170,000[4]
2013	600,000	-	-	-	N/A	600,000
Leon Devaney						
2014	-	-	560,000	-	N/A	560,000[4]
2013	N/A	-	-	-	N/A	-
Michael Bucknill[5]						
2014	-	-	-	-	N/A	-
2013	N/A	N/A	N/A	N/A	N/A	N/A
Robert Willink[6]						
2014	-	-	-	-	N/A	-
2013	N/A	N/A	N/A	N/A	N/A	N/A

[1] retired 30 November 2012
[2] 300,000 have vested at 30 June 2014
[3] 333,334 have vested at 30 June 2014
[4] all options had vested and were exercisable at 30 June 2014
[5] 100,000 options issued 17 July 2014
[6] 120,000 options issued 17 July 2014
[7] 34,584,407 unlisted options exercisable at $0.45 on or before 15 November 2015 and 15 November 2017 were issued to FEP on 8 August 2012, a company in which Richard Cottee has a 50% beneficial equity interest. At 30 June 2014; 9,683,634 have vested.

Details of remuneration (continued)

The vesting profile for options (Note 1) held at the end of the year was as follows:

Executive	2014 Holding at end of year	2014 Vested during the year	2014 Exercisable at end of year	2013 Holding at end of year	2013 Vested during the year	2013 Exercisable at end of year
Executive Directors and Other Key Management Personnel						
Richard Cottee	34,584,407	-	9,683,407	34,584,407	9,683,634	9,683,634
Michael Herrington	2,700,000	-	300,000	900,000	300,000	300,000
Daniel White	1,643,334	733,334	1,643,334	929,200	-	929,200
Bruce Elsholz	1,170,000	570,000	1,170,000	600,000	-	600,000
Leon Devaney	560,000	560,000	560,000	-	-	-
Michael Bucknill	-	-	-	N/A	N/A	N/A
Robbert Willink	-	-	-	N/A	N/A	N/A

Note 1: All options issued prior to the Company's securities consolidation on 30 September 2013 have been adjusted to reflect that 1 for 5 consolidation.

For each grant of options included in the tables 1 to 5 above, the percentage of the grant that was vested in the financial year and the percentage that was forfeited because the person did not meet the performance or service criteria are set out below. The options vest over a range of time frames provided the vesting conditions are met. No options will vest if the conditions are not satisfied (refer page 23), hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

Name	Share based compensation benefits (options): Year Granted	Vested %	Forfeited %	Financial years in which options may vest	Maximum value of grant yet to vest $
Andrew Whittle	2013	33	-	2014 to 2017	292,276
William Dunmore	2009	100	-	-	-
	2008	100	-	-	-
Wrixon Gasteen	2013	33	-	2014 to 2017	324,751
Henry Askin[1]	2013	33	-	2014 to 2017	422,176
	2008	100	-	-	-
	2009	100	-	-	-
Richard Cottee	2013	28	-	2014 to 2017	6,868,838
Michael Herrington	2014	0	-	2015 to 2017	148,500
	2013	33	-	2014 to 2017	292,276
Daniel White	2014	100	-	-	-
	2012	100	-	-	-
	2010	100	-	-	-
Bruce Elsholz	2014	100	-	-	-
	2012	100	-	-	-
	2010	100	-	-	-
Leon Devaney	2014	100	-	-	-

- Directors Messrs Hubbard, Wilson and Moore will not be granted options. No further options will be granted to Directors Messrs Whittle, Dunmore, Gasteen, Cottee, Herrington or Askin (now retired).
- KMPs Messrs Bucknill and Willink were granted options after 30 June 2014.

Service agreements

The details of service agreements of the key management personnel of the Consolidated Entity are as follows:

Richard Cottee, Managing Director and Chief Executive Officer

- Mr Cottee is seconded under an Intercompany Services Agreement with Freestone Energy Partners Pty Ltd ("FEP") for a three year term.
- The term of the agreement expires 29 June 2015;
- The Company pays FEP $518,783 per annum for Mr Cottee's services.
- Termination is not applicable for the initial term of the secondment, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

Mike Herrington, Executive Director and Chief Operating Officer

- The term of the agreement expires 28 January 2016.
- Mr Herrington's base salary is presently $465,000 per annum. In addition, superannuation at 9.5% is applicable. The salary is reviewed annually.
- In order to terminate employment, a 3 month period of notice is required by either party, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

Bruce Elsholz, Chief Financial Officer

- The term of the agreement expires 30 August 2017.
- Mr Elsholz's base salary is presently $315,000 per annum. In addition, superannuation at 9.5% is applicable. The salary is reviewed annually.
- Mr Elsholz resigned his position of Company Secretary effective 25 August 2014 and has given notice of his retirement from Central effective 30 November 2014.

Daniel White, Group General Counsel and Company Secretary

- The term of the agreement expires 29 November 2017.
- Mr White's base salary is presently $385,000 per annum. In addition, superannuation at 9.5% is applicable. The salary is reviewed annually.
- In order to terminate employment, a 3 month period of notice is required by either party, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

Leon Devaney, Chief Commercial Officer

- The term of the agreement expires 15 November 2015.
- Mr Devaney's base salary is presently $325,000 per annum. In addition, superannuation at 9.5% is applicable. The salary is reviewed annually.
- In order to terminate employment, a 3 month period of notice is required by either party, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

Michael Bucknill, General Manager, Exploration

- The term of the agreement expires 30 June 2017.
- Mr Bucknill's base salary is presently $320,000 per annum. In addition, superannuation at 9.5% is applicable. The salary is reviewed annually.
- In order to terminate employment, a 3 month period of notice is required by either party, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

Robbert Willink, Exploration Advisor

- The term of the agreement expires 30 June 2017.
- Mr Willink's base salary is presently $340,000 per annum. In addition, superannuation at 9.5% is applicable. The salary is reviewed annually.
- In order to terminate employment, a 3 month period of notice is required by either party, except in certain exceptional circumstances (such as breach or gross misconduct) where a shorter time applies.

- **Service agreements *(continued)***

Directors

The Company has engaged all directors pursuant to written service agreements. The terms of appointment are subject to the Company's Constitution. The Company maintains an appropriate level of Directors' and Officers' Liability Insurance and provide rights relating to indemnity, insurance, and access to documents. Mr Whittle, Chairman of the Board, receives a non-executive directors' fee of $95,000 per annum. Messrs Cottee, Herrington, Gasteen, Dunmore, Hubbard, Wilson and Moore receive directors' fees of $65,000 per annum.

Mr Gasteen receives an additional fee of $10,000 per annum for acting as Chairman of the Audit Committee. Mr Hubbard receives an additional fee of $10,000 per annum for acting as Chairman of the Remuneration Committee and $5,000 per annum for his role as a member of the Audit Committee. Mr Moore receives an additional fee of $10,000 per annum for acting as Chairman of the Nominations Committee and $5,000 per annum for his role as a member of the Remuneration Committee. Mr Whittle is a member of each of the three Board Committees for which he receives an additional fee of $5,000 per annum per committee. Mr Cottee receives an additional fee of $5,000 per annum for his role as a member of the Nominations Committee.

The directors also receive superannuation benefits except for Messrs Gasteen, Dunmore and Wilson, who reside outside of Australia.

Signed in accordance with a resolution of the Directors:

Richard Cottee – Managing Director, Brisbane 30 September, 2014 pwc

Auditor's Independence Declaration

As lead auditor for the audit of Central Petroleum Limited for the year ended 30 June 2014, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Central Petroleum Limited and the entities it controlled during the period.

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
30 September 2014

Introduction

The Company and the board are committed to achieving and demonstrating high standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The Group seeks to follow the best practice recommendations for listed companies to the extent that it is practicable.

The Company is required to disclose the extent to which it has not adopted the ASX Corporate Governance Principles and Recommendations. Set out below are the principal corporate governance practices of the Company along with the reasons for non-adoption of the recommendations (including 2010 Amendments) where applicable.

Principle 1: Lay solid foundations for management and oversight

Role of the board of Directors

The board of directors guides and monitors the business and affairs of the Company on behalf of its shareholders, by whom the directors are elected and to whom they are accountable.

The board's primary role is the protection and enhancement of long-term shareholder value. The board is responsible for the overall corporate governance of the Company, including engaging with management in the development of strategic and business plans, preparation of annual budgets and establishment of goals for management and monitoring the achievement of those goals on a regular basis. Management will report to the board and execute the directives of the board.

The board is also responsible for:

- reviewing the performance of the managing director and senior management;
- planning the development, retention and succession of the management team;
- reviewing and ratifying systems of risk management and internal compliance, including approving and monitoring the policies and procedures relating to occupational health and safety and the environment;
- approving and monitoring financial and other reporting, including the progress of major capital expenditure and capital management;
- approving and monitoring acquisitions and divestitures; and
- preparing, implementing and monitoring policies to ensure that all major developments affecting the financial position and state of affairs of the Company and any subsidiaries are announced to the ASX in strict accordance with the Listing Rules.

The board has also established a framework for the management of the Company, including a system of internal control and business risk management and the establishment of appropriate ethical standards. The board conducts annual reviews of its processes to ensure that it is able to carry out its functions effectively and in an efficient manner.

The board from time to time carries out the process of considering and determining relevant KPI's and other measures to evaluate the performance of its senior executives.

Principle 1.1 recommendations not currently adopted:

Recommendation		Explanation/ Reference
Rec 1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose the functions.	The Company has not formalised the functions reserved to the board and those delegated to management. However, the responsibilities of the board are set out above.

Principle 2: Structure the board to add value

Structure and composition of the board

The board consists of five directors – two executive directors and three non–executive directors. Details of their skills, experience and expertise and the period of office held by each director have been included in the directors' report. The number of board meetings and the attendance of the directors are set out in the directors' report.

The Chairman, Mr Whittle, is a non-executive director. The roles of chairman and the executive director are not exercised by the same individual as there is a clear division of responsibility between them.

Independence of non-executive directors and the chairman of the board

The board monitors the independence of each board member on a regular ongoing basis.

The board has assessed the independence of the non-executive directors and the Chairman.

Although Messrs Dunmore, Whittle and Gasteen hold 918,711, 668,397 and 520,000 fully paid ordinary shares respectively, the board considers these holdings to be immaterial, being significantly below the holdings threshold to be considered as substantial shareholders as defined by the Corporations Act.

The non-executive directors have no business or other relationship which is likely to compromise their independence. Individual directors are required to keep the board advised of any interests that could potentially create conflict with those of the Company.

Nominations Committee

The nominations committee consists of the following directors:
Peter Moore (Chair)
Richard Cottee
Andrew Whittle

Details of these directors' qualifications are set out in the directors' report.

The role of the Nominations Committee is to review Board composition, performance and Board succession planning.

Conflict of Interest

Directors and senior management are required to advise the Chairman of any existing or potential conflict of interest. When necessary, the Chairman will refer the matter to the board for determination.

Term of office

Under the constitution of the Company, the directors, other than the Managing Director, are obliged to present one third of their company for retirement and potential re-election at each annual general meeting of the Company.

Independent professional advice

In the proper performance of their duties, each director has the right to seek a reasonable level of independent professional advice on matters concerning the Company at the Company's expense, after obtaining the Chairman's approval, which will not be unreasonably withheld. Each director has the right of access to all relevant Company information and to the Company's executives.

Principle 2.5 recommendation is currently not adopted:

Recommendation		Explanation/ Reference
Rec 2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	Given the size and nature of the Company a formal process for performance evaluation has not yet been developed.

Principle 3: Promote ethical and responsible decision making

Ethical standards and code of conduct

The directors acknowledge the need for, and continued maintenance of, the highest standards of ethical conduct by all directors and employees of the Company. All directors, executives and employees are required to abide by laws and regulations, to respect confidentiality and the proper handling of information and act with their highest standards of honesty, integrity, objectivity and ethics in all dealings with each other, the Company, customers, suppliers and the community.

The board has developed a Code of Conduct reflecting its high standards and expectations. The Code of Conduct will be regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

The Code of Conduct is available on the Central Petroleum Limited website.

Share trading

The Company has adopted a Share Trading Policy for the directors and employees, which is appropriate for a Company whose shares are admitted to trading on the ASX, and the Company will take all reasonable steps to ensure compliance by its directors and any relevant employees. The Share Trading Policy is summarised as follows:

- Consistent with the legal prohibitions on insider trading contained in the Corporations Act, all employees, officers and directors are prohibited from trading in the Company's securities while in possession of unpublished price sensitive information.
- Unpublished price sensitive information is information, which a reasonable person would expect to have a material affect on the price or value of the Company's securities. Examples may include:
    - the financial results of the Company and any of its subsidiaries;
    - projections of future earnings or losses;
    - changes in senior management; and
    - results of drilling and or production testing.

It should be noted that either positive or negative information may be material.

An employee, officer or director, whilst in possession of unpublished price sensitive information, is subject to three restrictions:

- they must not deal in securities affected by information;
- they must not cause or procure anyone else to deal in those securities; and
- they must not communicate the information to any person if they know or ought to know that the other person will use the information, directly in directly, for dealings in securities.

Employees, officers and directors are required to advise the Company Secretary of their intentions prior to undertaking any transaction in the Company's securities. If an employee, officer or director is considered to possess unpublished price sensitive information, they will be precluded from making a security transaction until one trading day after the time of public release of that information.

Related party matters

Directors and senior management are required to advise the Chairman of any related party contract or potential contract. The Chairman will inform the board and the reporting party will be required to remove himself/herself from all discussions and decisions involving the matter. Prior board approval will be required for all proposed contracts.

Diversity

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. The Company has formulated a diversity policy, which can be viewed on its website.

At the end of the current reporting period there were 7 women in the whole organisation representing 27% of total employees. There were no women in senior executive or board positions.

Principle 4: Safeguard integrity in financial reporting

Reporting and assurance

When considering the financial reports, the board receives a written statement declaration in accordance with section 295A of the Corporations Act, signed by the Managing Director and Chief Financial Officer that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and its performance and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly, in a separate written statement the Managing Director and Chief Financial Officer also confirm to the board that the Company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

Financial reporting

Monthly results are circulated to the board of directors and Chief Financial Officer for review. Rolling cash flow forecasts are prepared on a regular basis. Exploration expenditure is measured against approved programme budgets.

Audit Committee

The board has established an audit committee which consists of the following non-executive directors:

Wrixon Gasteen (Chair)
Andrew Whittle
Robert Hubbard

Details of these directors' qualifications are set out in the directors' report.

The audit committee operates in accordance with a charter which is available on the Company's website.

External Auditors

The Company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed regularly. PwC was appointed auditor for the first time for the financial year ended 30 June 2011. It is PwC's policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in note 5 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principle 5: Make timely and balanced disclosure

Continuous disclosure

The directors are committed to keeping the market fully informed of material developments to ensure compliance with the listing rules and the Corporations Act. At each board meeting, specific consideration is given as to whether any matters should be disclosed under the Company's continuous disclosure policy.

The practice of senior management is to review and authorise any Company announcement to ensure that the information is factual, timely, clearly expressed and contains all material information so that investors can make appropriate assessments of the information for investment decisions.

Principle 5.1 recommendation is currently not adopted:

Recommendation		Explanation/ Reference
Rec 5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	The Company has established a practice of evaluating continuous disclosure issues as a part of each formal board meeting. The board is acutely aware of the continuous disclosure regime and believes there are strong informal systems in place to ensure compliance. Disclosure of the Company's approach to continuous disclosure is set out above.

Principle 6: Respect the rights of shareholders

Shareholder relations

The directors aim to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Company.

Information on all major developments affecting the Company is available to shareholders through:

- the Company's annual report;
- quarterly and half yearly reports;
- the annual general meeting of the Company and other meetings called to obtain approval for board actions as appropriate. All shareholders who are unable to attend these meetings will be encouraged to communicate issues or ask questions by writing or emailing to the Company; and
- mandatory ASX announcements on the Company website.

The Company will take advantage of technology, such as the Company website, to provide greater opportunities for effective communication with shareholders and to encourage participation at meetings.

Information disclosed to the Australian Securities Exchange ("ASX") is available to shareholders via the ASX website. In addition various reports and announcements are made available on the Company's website where there is also an option for shareholders to register their email address for updates made by the Company from time to time. All shareholders are entitled to receive a copy of the Company's annual and half-yearly reports and these reports are also made available on the Company's website.

Principle 7: Recognise and manage risk

The board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the audit committee for review by the full board.

The audit committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In providing this oversight they review and obtain reasonable assurance that the financial risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information.

Business risk management

The board acknowledges that it is responsible for the overall internal control and risk management framework. Accordingly, the board has implemented the following control framework:

Special functional reporting:
The board has identified a number of key areas which are subject to regular reporting to the board such as safety, environmental, insurance and legal matters.

Investment appraisal:
The Company has set clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements. Capital expenditure and revenue commitments above a certain size require prior board approval. Procedures exist to ensure that business transactions are properly authorised and executed.

The Board receives regular reports about the financial condition and operating results of the Group. The Managing Director and Chief Financial Officer annually provide a declaration in the form required by section 295A of the Corporations Act.

Principle 7.1 and 7.2 recommendations not complied with:

Recommendation		Explanation/ Reference
Rec 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company has not established a formal, written risk management policy. Disclosure of the Company's approach to risk management is set out above.
Rec 7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Company has not established a formal, written risk management and internal control system. Disclosure of the Company's approach to risk management and internal control is set out above.

Principle 8: Remunerate fairly and responsibly

On matters of remuneration, the board has policies that were established to review the remuneration policies and practices of the Company to ensure that it remunerates fairly and responsibly.

Remuneration Committee

The Remuneration Committee consists of the following directors:
Robert Hubbard (Chair)
Peter Moore
Andrew Whittle

Details of these directors' qualifications are set out in the directors' report.

The remuneration policy of the board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain talented and motivated directors and employees. The policy is designed for:

- decisions in relation to executive and non-executive remuneration policy;
- decisions in relation to remuneration packages for executive directors and senior management;
- decisions in relation to merit recognition arrangements and termination arrangements; and
- ensuring that any equity-based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders.

Non-executive directors' remuneration policy

The structure of non-executive directors' remuneration is distinguished from that of executives. Remuneration for non-executive directors is fixed. Total remuneration for all directors, as approved by shareholders, is not to exceed $750,000 per annum. Neither the non-executive directors nor the executives of the Company receive any retirement benefits, other than superannuation.

Executive directors' remuneration policy

Executive directors are employed pursuant to employment agreements, except for Richard Cottee whose services are provided to the Company by a secondment arrangement under an Intercompany Services Agreement with Freestone Energy Partners Pty Ltd. A summary of the Executive Director's employment agreement is set out in the remuneration report.

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These financial statements are the consolidated financial statements of the Consolidated Entity consisting of Central Petroleum Limited and its subsidiaries. The financial statements are presented in Australian currency.

Central Petroleum Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

56-58 Jephson Street
Toowong
Queensland 4066

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities which forms part of the directors' report on pages 6 to 21. These pages are not part of these financial statements.

The financial statements were authorised for issue by the directors on 30 September 2014. The directors have the power to amend and reissue the financial statements.

Through the use of the internet we have ensured that our corporate reporting is timely and complete. Press releases, financial reports and other information are available via the links on our website: www.centralpetroleum.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Operating revenue		3,718,102	-
Cost of sales		(3,016,494)	-
Gross profit		701,608	-
Other income	2	1,530,668	9,278,979
Share based employment benefits	30(c)	(2,818,231)	(2,168,210)
General and administrative expenses		(2,517,230)	(5,274,931)
Business combination transaction fees	33	(1,914,004)	-
Depreciation & amortisation	3	(1,127,155)	(456,880)
Employee benefits and associated costs		(3,120,279)	(3,666,321)
Exploration expenditure		(4,659,886)	(6,977,912)
Finance costs	3	(1,040,975)	(18,118)
Loss before income tax		(14,965,484)	(9,283,393)
Income tax credit	4	4,107,498	-
Loss for the year	20	(10,857,986)	(9,283,393)
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year		(10,857,986)	(9,283,393)
Total comprehensive loss attributable to members of the parent entity		**(10,857,986)**	**(9,283,393)**
Basic and diluted loss per share (cents)	21	(3.42)	(3.30) [1]

[1] On 27 September 2013 the shareholders approved that every 5 ordinary shares held be converted into 1 ordinary share (subject to rounding). Due to share consolidation, the 30 June 2013 basic and diluted earnings per share have been restated to reflect the share consolidation impact on the 30 June 2013 contributed equity.

The accompanying notes form part of these financial statements.

CENTRAL PETROLEUM LIMITED
ABN 72 083 254 308

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	6	10,330,474	1,308,307
Trade and other receivables	7	2,953,300	6,934,816
Inventories	8	1,940,983	975,281
Assets held for sale	9	1,000,000	-
Total current assets		16,224,757	9,218,404
Non-current assets			
Property, plant and equipment	10	46,266,152	1,285,300
Exploration assets	11	16,869,693	16,702,228
Intangible assets	12	19,521	29,294
Other financial assets	13	2,423,185	1,854,620
Goodwill	33	3,906,270	-
Total non-current assets		69,484,821	19,871,442
Total assets		**85,709,578**	**29,089,846**
LIABILITIES			
Current liabilities			
Trade and other payables	14	10,476,308	3,332,034
Interest-bearing liabilities	15	255,760	-
Provisions	16	2,236,372	952,179
Total current liabilities		12,968,440	4,284,213
Non-current liabilities			
Interest-bearing liabilities	15	23,761,593	-
Provisions	17	5,910,832	159,709
Total non-current liabilities		29,672,425	159,709
Total liabilities		**42,640,865**	**4,443,922**
Net assets		**43,068,713**	**24,645,924**
EQUITY			
Contributed equity	18	155,223,040	130,258,022
Reserves	19	14,448,696	10,132,939
Accumulated losses	20	(126,603,023)	(115,745,037)
Total equity		**43,068,713**	**24,645,924**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Contributed equity $	Reserves $	Accumulated Losses $	Total $
Total equity at 1 July 2012	**122,700,723**	**7,964,729**	**(106,461,644)**	**24,203,808**
Total loss for the year	-	-	(9,283,393)	(9,283,393)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	-	-	(9,283,393)	(9,283,393)
Transactions with owners in their capacity as owners				
Share based payments	-	2,168,210	-	2,168,210
Share and option issues	7,560,206	-	-	7,560,206
Share issue costs	(2,907)	-	-	(2,907)
	7,557,299	2,168,210	-	9,725,509
Balance at 30 June 2013	**130,258,022**	**10,132,939**	**(115,745,037)**	**24,645,924**
Total loss for the year	-	-	(10,857,986)	(10,857,986)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the year	-	-	(10,857,986)	(10,857,986)
Transactions with owners in their capacity as owners				
Share based payments	-	2,818,231	-	2,818,231
Options issued for financing	-	1,497,526	-	1,497,526
Share and option issues	25,614,373	-	-	25,614,373
Share issue costs	(649,355)	-	-	(649,355)
	24,965,018	4,315,757	-	29,280,775
Balance at 30 June 2014	**155,223,040**	**14,448,696**	**(126,603,023)**	**43,068,713**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		2,105,060	-
Interest received		406,273	140,500
Other income		7,931,000	2,488,000
Interest & borrowing costs		(375,000)	(18,117)
Payments to suppliers and employees (inclusive of GST)		(9,589,572)	(14,762,849)
Net cash inflow / (outflow) from operating activities	26	477,761	(12,152,466)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,344,272)	(642,300)
Payments for exploration assets		-	(500,000)
Payments to acquire subsidiary	33	(20,595,871)	-
Payment of business combinations transaction fees	33	(1,914,004)	-
Proceeds from sale of investments		-	1,800,000
Redemption / (Acquisition) of security deposits and bonds		(566,466)	56,460
Net cash inflow/(outflow) from investing activities		(26,420,613)	714,160
Cash flows from financing activities			
Proceeds from the issue of shares and options		9,965,018	641,381
Proceeds from borrowings		25,000,000	-
Net cash inflow from financing activities		34,965,018	641,381
Net (decrease)/increase in cash and cash equivalents		**9,022,167**	**(10,796,925)**
Cash and cash equivalents at the beginning of the financial year		**1,308,307**	**12,105,232**
Cash and cash equivalents at the end of the financial year	6	**10,330,474**	**1,308,307**
Non-cash financing and investing activities	27		

The accompanying notes form part of these financial statements.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Central Petroleum Limited ("the Company") and its subsidiaries (collectively "the Group" or "Consolidated Entity").

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001. Central Petroleum Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Going concern

The consolidated financial statements of the Group have been prepared on a going concern basis, which contemplates continuity of business activities and realisation of assets and the settlement of liabilities in the ordinary course of business. For the year ended 30 June 2014 the Group incurred a loss before tax of $14,965,484 (2013: $9,283,393) and a cash inflow from operating activities of $477,761 (2013: outflow of $12,152,466). These results are consistent with the initial exploration, appraisal, development and production phase of the business. Consequently the Group may need to raise further equity capital in the future.

As at 30 June 2014 the Group had cash assets including joint arrangement balances amounting to $10,330,474. Since year end, the company has entered into binding agreements to raise an additional $6,000,000 from a share placement, funds to be received no later than 1 October 2014.

The Group continually monitors its cash flow requirements to ensure that it has sufficient funds to meet its contractual commitments and adjusts its spending, particularly with respect to discretionary exploration activity and corporate overhead accordingly. The Directors have also, during the year, undertaken a strategic review of the Group's operations and portfolio. The result of the strategic review has been a significant reduction in the Group's overheads and a number of initiatives to streamline the Group's business.

Furthermore Central Petroleum executed an Equity Line of Credit (ELOC) facility with Long State Investment Limited (LSI) in June 2013. The term of the ELOC is 2 years (June 2015), with an option for Central to extend it for a further 6 months. Under the facility, Central may place ordinary shares with LSI at the prevailing 5-day VWAP subject to a maximum of $250,000 for each 5 ASX trading days and a total aggregate funding under the ELOC of $10 million. Further terms of the ELOC are set out in note 18(g).

The Directors believe that the Company will be successful in sourcing funds when required and will meet its debts and commitments as they fall due and, accordingly, have prepared the financial statements 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 30 June 2014. 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.

(ii) Compliance with IFRS

The consolidated financial statements of the Central Petroleum Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(iii) Early adoption of standards

The Group has not applied any pronouncements to the annual reporting period beginning on 1 July 2013 where such application would result in them being applied prior to them becoming mandatory.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(v) Critical accounting judgements and key sources of estimate uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions regarding carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. Key judgements in applying the entity's accounting policies are required in the following areas:

1. Summary of significant accounting policies *(continued)*

Rehabilitation

The Group recognises any obligations for removal and restoration that are incurred during a particular period as a consequence of having undertaken exploration and evaluation activity. The Group makes provision for future restoration expenditure relating to work previously undertaken based on management's estimation of the work required.

Share-based payments

The Group is required to use assumptions in respect of their fair value models, and the variable elements in these models, used in determining share based payments. The directors have used a model to value options, which requires estimates and judgements to quantify the inputs used by the model.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the lease itself or, if not, whether it successfully recovers the related exploration and evaluation expenditure through sale. Factors that impact recoverability may include, but are not limited to, the level of resources and reserves, the cost of production, legal changes and commodity price changes. Acquisition expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that the capitalised acquisition expenditure is determined not to be recoverable in future, profits and net assets will be reduced in the period in which this determination is made.

Taxation

The Group's accounting policy for taxation requires management's judgement in relation to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also made in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses, and temporary differences arising from the Petroleum Resource Rent Tax (Imposition – General) Act 2011, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility changes in circumstances will alter expectation, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidated Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Consolidated Statement of Comprehensive Income.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Central Petroleum Limited ('Company' or 'Parent Entity') as at 30 June and the results of all subsidiaries for the year then ended. Central Petroleum Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. The acquisition method is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non controlling interests (if applicable) in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

1. Summary of significant accounting policies *(continued)*

(b) Principles of consolidation (continued)

(ii) Joint Arrangements
Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations
The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 32.

(c) Segment reporting

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 Executive Management Team.

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is Central Petroleum Limited's functional currency and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(e) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of oil and gas

Revenue is recognised when the significant risks and rewards of ownership of the product have passed to the buyer and the amount of revenue can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the product to the customer.

(ii) Interest Income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(iii) Government grants

Grants from the government, including research and development concessions, are recognised at their fair value where there is a reasonable assurance that the grant or refund will be received and the Group has or will comply with any conditions attaching to the grant or refund.

1. Summary of significant accounting policies *(continued)*

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where entities in the Group generate taxable income.
Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Central Petroleum Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership by the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 29). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1. Summary of significant accounting policies *(continued)*

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts (if applicable) are shown within borrowings in current liabilities in the statement of financial position.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 90 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(k) Inventories

Inventories comprise hydrocarbon stocks, drilling materials and spare parts and are valued at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on a first in first out cost basis. Cost of inventory includes the purchase price after deducting any rebates and discounts, as well as any associated freight charges.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(l) Other financial assets

Classification

The Group's financial assets consist of loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 7) and other financial assets (note 12) in the statement of financial position. Amounts paid as performance bonds or amounts held as security for bank guarantees in satisfaction of performance bonds are classified as other financial assets.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

1. Summary of significant accounting policies *(continued)*

(m) Property, plant and equipment – development and production assets

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.

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.

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.

(n) Property, plant and equipment – other than development & production assets

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation of plant and equipment is calculated on a reducing balance basis so as to write off the net costs of each asset over the expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss.

The expected useful life for each class of depreciable assets is:

Class of Fixed Asset	***Expected useful life***
Buildings	40 years
Leasehold Improvements	2 – 6 years
Plant and Equipment	2 – 10 years
Motor Vehicles	5 – 10 years

1. Summary of significant accounting policies *(continued)*

(o) Exploration expenditure

Exploration and evaluation costs are expensed as incurred. Acquisition costs of rights to explore are accumulated in respect of each separate area of interest. Acquisition costs are carried forward where right of tenure of the area of interest is current and these costs are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition, except contributions to Joint Arrangements that are settled in line with the Joint Operating Agreements. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Provisions

(i) Restoration

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

A restoration provision is recognised and updated at different stages of the development and construction of a facility and then reviewed on an annual basis. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related exploration and evaluation assets or property plant and equipment.

Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.

The carrying amount capitalised in property plant and equipment is depreciated over the useful life of the related asset (refer to Note 1(m)).

Costs incurred that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

(ii) Other

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1. Summary of significant accounting policies *(continued)*

r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees (including directors) by Central Petroleum Limited.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1. Summary of significant accounting policies *(continued)*

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the exercise of all dilutive potential ordinary shares.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(w) Parent entity financial information

The financial information for the parent entity, Central Petroleum Limited, disclosed in note 23, has been prepared on the same basis as the consolidated financial statements except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Central Petroleum Limited.

(ii) Tax consolidation legislation

Central Petroleum Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Central Petroleum Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts where recognition of such is permitted under accounting standards. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Central Petroleum Limited also recognises the current tax liabilities or assets and the deferred tax assets arising from unused tax losses from controlled entities, where permitted to recognise such assets under accounting standards.

(x) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

1. Summary of significant accounting policies *(continued)*

(x) Business combinations *(continued)*

If the business combination is achieved in stages, the acquisition date fair value of the acquirers previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 139 in profit or loss. If the contingent consideration is classified as equity it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of AASB 139, it is measured in accordance with the appropriate AASB.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

Where goodwill forms part of the cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(y) Standards, amendments and interpretations

(i) New and amended standards adopted by the group

The group has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2013:

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.

- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period.

- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

- AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.

No changes in accounting policies or adjustments to the amounts recognised in the financial statements resulted from the adoptions of these standards. The standards only affected the disclosures in the notes to the financial statements.

(iI) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The group have concluded these standards and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	2014 $	2013 $

2. Other income

	2014 $	2013 $
Interest	307,274	234,170
Research and development refunds	1,196,296	5,799,252
Century legal claim settlement	-	1,500,260
Gain on sale of investment	-	1,744,796
Other	27,098	501
Total other income	**1,530,668**	**9,278,979**

3. Expenses

Loss before income tax includes the following specific expenses:

	2014 $	2013 $
Depreciation		
Buildings	7,094	844
Producing assets	513,435	-
Restoration assets	69,146	-
Plant and equipment	502,611	432,695
Leasehold improvements	20,824	850
Total depreciation	1,113,110	434,389
Amortisation		
Software	14,045	22,491
Write off of property, plant and equipment	-	503,703
Rental expense relating to operating leases – Minimum lease payments	697,419	1,127,274
Interest paid to suppliers and joint arrangement partners	-	18,118
Finance costs		
Interest charge on Macquarie debt facility	528,067	-
Borrowing costs on Macquarie debt facility	375,000	-
Amortisation of deferred finance costs	81,956	-
Accretion charge	55,952	6,000
	1,040,975	6,000

	2014	2013
	$	$

4. Income tax

This note provides an analysis of the group's income tax credit, shows what amounts are recognised directly in equity and how the tax credit is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the group's tax position.

(a) Income tax expense

	2014 $	2013 $
Current tax	-	-
Deferred tax	4,107,498	-
	4,107,498	**-**

(b) Numerical reconciliation of income tax expense and prima facie tax benefit

	2014 $	2013 $
Loss before income tax expense	(14,965,484)	(9,283,393)
Prima facie tax benefit at 30% (2013: 30%)	4,489,645	2,785,017
Tax effect of amounts which are not deductible in calculating taxable income:		
Depreciation on buildings	-	(253)
Non-deductible expenses	(439,309)	(2,553)
Share based payments	(845,469)	(650,463)
Non-assessable income	344,365	-
Movement in items of deferred tax not recognised:		
Provisions and accruals	-	(12,293)
Blackhole expenditure	-	55,493
Accrued income	-	5,709
Capitalised exploration expenditure	-	(497,280)
	3,549,232	1,683,377
Over provision in prior year	-	125,514
Deferred tax assets not recognised	-	(1,808,891)
Recognition of previously unrecognised DTA	558,267	-
Income tax credit	**4,107,498**	**-**

	2014 $	2013 $

4. Income tax *(continued)*

(c) Amounts recognised directly in equity
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:

	2014 $	2013 $
Net deferred tax – debited directly to equity	(149,335)	(417,463)
Deferred tax liabilities / (assets) not recognised	149,335	417,463
Net amounts recognised directly in equity	**-**	**-**

(d) Tax losses

	2014 $	2013 $
Unutilised tax losses for which no deferred tax asset has been recognised	110,171,946	121,551,151
Potential tax benefit @ 30%	33,051,584	36,465,345

(e) Deferred tax assets and liabilities

	2014 $	2013 $
Deferred tax assets		
Provisions	2,469,168	352,106
Blackhole expenditure	627,823	842,719
Borrowing costs	75,422	-
PRRT	40,434,838	-
Unutilised losses	41,321,238	36,465,345
Total deferred tax assets before set-offs	84,928,489	37,660,170
Set-off of deferred tax liabilities pursuant to set-off provisions	(8,269,654)	(2,949,752)
Net deferred tax assets not recognised	76,658,835	34,710,418
Movements		
Opening balance at 1 July	2,949,752	3,147,281
(Charged) / Credited to the income statement	5,319,902	(197,529)
Closing balance at 30 June	8,269,654	2,949,752
Deferred tax assets to be recovered after more than 12 months	8,253,466	2,949,752
Deferred tax assets to be recovered within 12 months	16,188	-
	8,269,654	2,949,752

	2014	2013
	$	$

4. Income tax *(continued)*

(e) Deferred tax assets and liabilities

	2014 $	2013 $
Deferred tax liabilities		
Accrued income	2,594	5,709
Capitalised exploration expenditure	4,219,124	2,944,043
Producing properties	2,360,870	-
Development well	1,685,650	-
Other	1,416	-
Total deferred tax liabilities before set-offs	8,269,654	2,949,752
Set-off of deferred tax liabilities pursuant to set-off provisions	(8,269,654)	(2,949,752)
Net deferred tax liabilities	-	-
Movements		
Opening balance at 1 July	2,949,752	3,147,281
Charged / (Credited) to the income statement	1,212,404	(197,529)
DTL arising on Business Combination	4,107,498	
Closing balance at 30 June	8,269,654	2,949,752
Deferred tax liabilities to be recovered after more than 12 months	8,253,466	2,949,752
Deferred tax liabilities to be recovered within 12 months	16,188	-
	8,269,654	2,949,752

5. Remuneration of auditors

The following fees were paid or payable for services provided by PwC Australia, the auditor of the Company, its related practices and non-related audit firms:

(i) Audit and other assurance services		
2014 Audit and review of financial statements	133,506	89,850
Under provision for 2013 audit and review of financial statements	7,271	14,484
Southern Georgina joint arrangement audit	3,000	-
	143,777	104,334
(ii) Taxation services		
Tax compliance	82,266	83,209
	82,266	83,209
(iii) Other services		
Magellan transaction due diligence	181,607	-
Remuneration benchmarking	10,000	12,500
Forensic services	-	20,240
	191,607	32,740
Total remuneration of PwC	**417,650**	**220,283**

6. Cash and cash equivalents

Cash at bank and in hand		**10,330,474**	**1,308,307**
Made up as follows;			
Corporate	(a)	8,740,088	1,248,036
Joint arrangements	(b)	1,590,386	60,271
		10,330,474	**1,308,307**

(a) $2,192,082 of this balance relates to cash drawn from the Macquarie Bank Limited debt facility used to fund the Dingo Gas field development project. (2013: $nil), and is restricted to use in the project.

(b) $807,914 of this balance relates to the Group share of cash balances held by the Southern Georgina Joint Arrangement (2013: $51,373).

Risk exposure
The Group's exposure to interest rate risk is discussed in Note 31. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and cash equivalents.

		2014 $	2013 $

7. Trade and other receivables

Current			
Trade receivables		868,282	-
Accrued income	(a)	1,311,154	-
Other receivables		-	888,429
GST receivables		286,617	34,513
Prepayments		487,247	124,643
Research and development refund from Australian Tax Office		-	5,887,231
		2,953,300	**6,934,816**

(a) Accrued income relates to the revenue recognition of oil and gas volumes delivered to respective customers not yet invoiced.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in Note 31.

8. Inventories

Crude oil & natural gas		97,296	-
Spares parts and consumables		534,691	-
Drilling materials and supplies at cost		1,308,996	975,281
		1,940,983	**975,281**

9. Assets held for sale

Land and buildings	33	1,000,000	-
		1,000,000	**-**

As part of the Magellan acquisition, an office and yard was acquired in Alice Springs. An independent valuation was obtained providing a fair value of $1,000,000. The office and yard are to be sold with funds used to retire debt on the Macquarie finance facility. The Group continues to negotiate the sale.

10. Property, plant and equipment

	Freehold Land & Buildings $	Producing Assets $	Assets in Development $	Plant and equipment $	Restoration asset $	Total $
Year ended 30 June 2013						
Opening net book amount	425,341	-	-	1,355,424		1,780,765
Additions	-	-	-	442,627	-	442,627
Disposals and write offs	-	-	-	(503,703)	-	(503,703)
Depreciation charge	(844)	-	-	(433,545)	-	(434,389)
Closing net book amount	**424,497**	-	-	**860,803**	-	**1,285,300**
At 30 June 2013						
Cost	430,947	-	-	2,052,625	-	2,483,572
Accumulated depreciation	(6,450)	-	-	(1,191,822)	-	(1,198,272)
Net book amount	**424,497**	-	-	**860,803**	-	**1,285,300**
Year ended 30 June 2014						
Opening net book amount	424,497	-	-	860,803	-	1,285,300
Additions	-	2,953,503	2,405,766	1,132,084	107,318	6,598,671
Additions – business combs[1].	-	15,859,734	16,013,524	2,953,036	4,201,265	39,027,559
Transfer from exploration	-	-	-	-	482,535	482,535
Disposals and write offs	-	-	-	(14,803)	-	(14,803)
Depreciation charge	(7,094)	(513,435)	-	(523,435)	(69,146)	(1,113,110)
Closing net book amount	**417,403**	**18,299,802**	**18,419,290**	**4,407,685**	**4,721,972**	**46,266,152**
At 30 June 2014						
Cost	430,947	18,813,237	18,419,290	6,023,358	4,791,118	48,477,950
Accumulated depreciation	(13,544)	(513,435)	-	(1,615,673)	(69,146)	(2,211,798)
Net book amount	**417,403**	**18,299,802**	**18,419,290**	**4,407,685**	**4,721,972**	**46,266,152**

[1] Details regarding business combinations are contained in note 33

		2014 $	2013 $

11. Exploration assets

	Note	2014 $	2013 $
Acquisition costs of rights to explore		**16,869,693**	**16,702,228**
Movements for the year:			
Balance at the beginning of the year		16,702,228	10,488,500
Expenditure incurred during the year		-	7,388,793
Expenditure written off during the year		-	(1,657,600)
Additions – business combinations	33	650,000	-
Restoration asset provided for during the year		-	482,535
Restoration asset transferred to producing assets	10	(482,535)	-
Balance at the end of the year		**16,869,693**	**16,702,228**

12. Intangible assets

	2014 $	2013 $
Software		
At the beginning of the year		
Cost	270,373	270,373
Accumulated amortisation	(241,079)	(218,588)
Net book value	29,294	51,785
***Movements for the year**:*		
Opening net book amount	29,294	51,785
Additions	4,271	-
Amortisation	(14,044)	(22,491)
Closing net book amount	19,521	29,294
At the end of the year		
Cost	274,644	270,373
Accumulated amortisation	(255,123)	(241,079)
Net book value	**19,521**	**29,294**

	2014 $	2013 $

13. Other financial assets

	2014 $	2013 $
Security bonds on exploration permits	**2,423,185**	**1,854,620**

Security bonds are provided to State or Territory governments in respect of certain performance obligations arising from awarded petroleum and mineral tenements. The bonds are typically provided as cash or as bank guarantees in favour of the State or Territory government secured by term deposits with the financial institution providing the bank guarantee.

14. Trade and other payables

	2014 $	2013 $
Trade payables	3,893,054	2,572,419
Other payables	797,713	33,545
Southern Georgina joint arrangement contribution	4,305,514	322,058
Accruals	1,480,027	404,012
	10,476,308	**3,332,034**

Trade payables are usually non-interest bearing provided payment is made within the terms of credit. The consolidated entity's exposure to liquidity and currency risks related to trade and other payables is disclosed in Note 31.

15. Interest bearing liabilities

	2014 $	2013 $
(a) Interest bearing liabilities (current) [1]		
Debt facilities	255,760	-
	255,760	**-**
(a) Interest bearing liabilities (non-current) [1]		
Debt facilities	23,761,593	-
	23,761,593	**-**

[1]Details regarding interest bearing liabilities are contained in note 31(d).

		2014 $	2013 $

16. Current liabilities - Provisions

		2014 $	2013 $
Employee entitlements	(a)	626,299	358,324
Onerous contracts	(b)	361,774	51,320
Other		1,248,298	-
		2,236,371	**409,644**

(a) Movements in employee entitlements

	2014 $	2013 $
Carrying amount at start of year	358,324	301,027
Provision made during the year	267,975	57,297
Carrying amount at end of year	**626,299**	**358,324**

The current provision for employee entitlements includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service. The amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement for these obligations. However, based on past experience the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months.

	2014 $	2013 $
Leave obligations expected to be settled after 12 months	**357,588**	**128,714**

(b) Onerous contracts

A provision for onerous contracts was recognised during the year in respect of operating lease commitments on both167 Eagle Street, Brisbane and Suite 3, Level 4 South Shore Centre, Perth.

17. Non-current liabilities - Provisions

		2014 $	2013 $
Restoration and rehabilitation	(a)	4,907,070	542,535
Employee entitlements		647,072	85,747
Onerous contracts		356,690	73,962
		5,910,832	**702,244**

(a) Movements in restoration and rehabilitation provision

	Note	2014 $	2013 $
Carrying amount at start of year		542,535	60,000
Provision made during the year	10	107,318	482,535
Provision – business combinations	33	4,201,265	-
Accretion charge		55,952	-
Carrying amount at end of year		**4,907,070**	**542,535**

Provisions for future removal and restoration costs are recognised where there is a present obligation as a result of exploration, extended production testing, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas.

	2014 $	2013 $

18. Contributed equity

(a) Share Capital

	2014 $	2013 $
348,718,957 (2013: 1, 440,078,845) fully paid ordinary shares[1]	**155,223,040**	**130,258,022**

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

(b) Movements in ordinary share capital

	Number of shares 2014	Number of shares 2013	$ 2014	$ 2013
Balance at start of year	1,440,078,845	1,383,376,265	130,258,022	122,700,723
Placement of shares to institutional investors on 26 July 2013 at 10 cents per share	106,000,000	-	10,600,000	-
Share consolidation	(1,236,863,076)	-	-	
Exercise of listed options at 80 cents per share	3,904	-	3,123	-
Exercise of listed options at 45 cents per share	25,600	-	11,250	-
Placement of shares to Magellan Petroleum Australia Pty Ltd on 31 March 2014 at 38 cents per share as part of business combinations	39,473,684	-	15,000,000	-
Exercise of listed options at 16 cents per share	-	2,580	-	413
Exercise of unlisted options at 9.5 cents per share	-	4,400,000	-	418,000
Exercise of unlisted options at 11 cents per share	-	2,300,000	-	253,000
Issue of 50m ordinary shares at 13.8 cents in exchange for the remaining interest in EP97 from Rawson Resources Ltd	-	50,000,000	-	6,888,793
Capital raising costs	-	-	(649,355)	(2,907)
	348,718,957	**1,440,078,845**	**155,223,040**	**130,258,022**

(c) Options granted during the year

The following options over unissued ordinary shares were granted by the Company during the year:

Date of Issue	Class	Expiry Date	Exercise Price	Number of Options
10 July 2013	Unlisted employee options	15 Nov 2015	$0.450	4,379,334
28 Nov 2013	Unlisted employee options	15 Nov 2017	$0.475	1,800,000
10 April 2014	Unlisted employee options	15 Nov 2015	$0.650	207,000

18. Contributed equity (continued)

(d) Options exercised during the year

The following options over unissued ordinary shares were exercised during the year:

Class	Expiry Date	Exercise Price	Number of Options
Listed options (CTPO)	31 Mar 2014	$0.800	3,904
Unlisted employee options	15 Nov 2015	$0.450	25,000

(e) Options lapsed during the year

The following options over unissued ordinary shares lapsed during the year:

Class	Expiry Date	Exercise Price	Number of Options
Unlisted employee options[1]	30 Aug 2016	$0.575	200,000
Unlisted employee options	31 Mar 2014	Various	3,173,334

[1] options forfeited during the year

(f) Unissued shares under option

At year end, options over unissued ordinary shares of the Company are as follows:

Class	Expiry Date	Exercise Price	Number of Options
Unlisted options (CTPO)	31 Mar 2015	$0.625	13,000,003
Unlisted options (CTPO)	30 Sep 2016	$0.500	15,000,000
Unlisted shareholder options	31 Mar 2015	$0.625	65,000,000
Unlisted employee options	31 May 2015	$0.610	1,268,000
Unlisted employee options	31 Oct 2015	$0.550	120,000
Unlisted consulting options	15 Nov 2015	$0.450	9,683,634
Unlisted employee options	15 Nov 2015	$0.450	4,354,334
Unlisted director options	15 Nov 2015	$0.450	1,366,670
Unlisted employee options	15 Nov 2015	$0.650	207,000
Unlisted employee options	12 May 2016	$0.600	40,000
Unlisted employee options	20 Jul 2016	$0.550	669,334
Unlisted employee options	19 Aug 2016	$0.575	400,000
Unlisted employee options	30 Aug 2016	$0.575	600,000
Unlisted employee options	15 Nov 2016	$0.475	2,318,668
Unlisted employee options	30 Nov 2016	$0.475	400,000
Unlisted consulting options	15 Nov 2017	$0.450	24,900,773
Unlisted director options	15 Nov 2017	$0.450	2,733,335
Unlisted employee options	15 Nov 2017	$0.475	1,800,000

None of the options entitle holders to participate in any share issue of the Company or any other entity.

18. Contributed equity (continued)

(g) Capital risk management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern to ultimately add value for shareholders through the exploitation and production of hydrocarbon resources. This is monitored through the use of cash flow forecasts.

In order to maintain the capital structure, the Group may issue new shares or other equity instruments.

Central Petroleum executed an Equity Line of Credit (ELOC) facility with Long State Investment Limited (LSI) in June 2013. The term of the ELOC is 2 years (June 2015), with an option for Central to extend it for a further 6 months on payment of $50,000.

Under the facility, Central may place ordinary shares with LSI at the prevailing 5-day VWAP subject to a maximum of $250,000 for each 5 ASX trading days and a total aggregate funding under the ELOC of $10 million. To activate the ELOC a fee of $200,000 is payable. LSI will receive a 5% commission on any advances under the ELOC. In addition, LSI will receive up to 5 million unlisted options through 4 separate tranches that are subject to ELOC utilisation. 1.25 million options will be granted on Activation of the ELOC (first drawdown), and 1.25 million options will be granted when the aggregate advances first exceeds $2.5 million, $5.0 million, and $7.5 million. The options have an exercise price of 200% of the 20-day VWAP immediately preceding the date on which Central is required to grant the Options. The options have an exercise period of 5-years from the date of issue. To date, Central has not utilised the ELOC and no options have been granted.

19. Reserves

		2014 $	2013 $
Share options reserve		**14,448,695**	**10,132,939**
Movements:			
Balance at start of year		10,132,939	7,964,729
Share based payments costs	(a)	2,818,231	2,168,210
Options issued for financing	(b)	1,497,525	-
Balance at end of year		**14,448,695**	**10,132,939**

(a) The reserve is primarily used to record the value of share based payments provided to employees and directors as part of their remuneration and underwriters of share placements. Refer to note 30 for further details of share based payments.

(b) 15,000,000 options with an exercise price of $0.50 were issued to Macquarie bank in relation to the $50 million debt facility. These options were valued using a black scholes option pricing model.

	2014 $	2013 $

20. Accumulated losses

Movements in accumulated losses were as follows:		
Balance at the start of the year	(115,745,037)	(106,461,644)
Net loss for the year	(10,857,986)	(9,283,393)
Balance at the end of the year	**(126,603,023)**	**(115,745,037)**

21. Loss per share

(a) Basic loss per share (cents)	**(3.42)**	**(3.30)**
(b) Diluted loss per share (cents)	**(3.42)**	**(3.30)**
(c) Loss used in loss per share calculation		
Loss attributable to ordinary equity holders of the Company	**(10,857,986)**	**(9,283,393)**
(d) Weighted average number of ordinary shares		
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**317,351,393**	**279,811,590**[1]

Options on issue are considered to be potential ordinary shares and have not been included in the calculation of basic earnings per share. Additionally, any exercise of the options would be antidilutive as their exercise to ordinary shares would decrease the loss per share. In accordance with AASB 133 they are also excluded from the diluted loss per share calculation. Refer to Note18 for details of options on issue.

[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 30 June 2013 basic and diluted earnings per share have been restated to reflect the share consolidation impact on the 30 June 2013 contributed equity.

22. Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The following operating segments are identified by management based on the nature of the business or venture.

Producing assets
Production and sale of crude oil and pipeline natural gas

Development assets
Development of oil and gas fields

Exploration assets
Exploration and evaluation of permit areas

Unallocated items
Unallocated items comprise non-segmental items of revenue and expenses and associated assets and liabilities not allocated to operating segments as they are not considered part of the core operations of any segment.

Performance monitoring and evaluation
Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Financing requirements, finance income, finance costs and taxes are managed at a Group level.

The consolidated entity's operations are wholly in one geographical location being Australia.

	Producing Assets 2014 $	Development Assets 2014 $	Exploration Assets 2014 $	Unallocated Items 2014 $	Consolidated 2014 $
Revenue	**3,718,102**	**-**	**-**	**-**	**3,718,102**
Cost of sales	**(3,016,494)**	**-**	**-**	**-**	**(3,016,494)**
Gross profit	**701,608**	**-**	**-**	**-**	**701,608**
Other income	-	-	-	1,530,668	1,530,668
Share based employment benefits	-	-	-	(2,818,231)	(2,818,231)
General and administrative expenses	-	-	-	(2,517,230)	(2,517,230)
Business combinations transaction fees	-	-	-	(1,914,004)	(1,914,004)
Depreciation & amortisation	(513,435)	-	-	(613,720)	(1,127,155)
Employee benefits and associated costs	-	-	-	(3,120,279)	(3,120,279)
Exploration expenditure	-	-	(4,659,886)	-	(4,659,886)
Finance costs	-	-	-	(1,040,975)	(1,040,975)
Loss before income tax	**188,173**	**-**	**(4,659,886)**	**(10,493,771)**	**(14,965,484)**
Taxes	-	-	-	4,107,498	4,107,498
Profit / (Loss) for the year	**188,173**	**-**	**(4,659,886)**	**(6,386,273)**	**(10,857,986)**
Segment assets	**24,570,779**	**25,989,302**	**21,436,107**	**13,713,391**	**85,709,578**
Segment liabilities	**(4,979,021)**	**(3,575,974)**	**(5,250,758)**	**(28,835,112)**	**(42,640,865)**
Capital expenditure					
Exploration and evaluation assets	-	-	650,000	-	650,000
PP&E - development and production assets	22,099,404	19,924,241	-	-	42,023,645
PP&E - other	-	-	-	4,085,120	4,085,120
Total capital expenditure	**22,099,404**	**19,924,241**	**650,000**	**4,085,120**	**46,758,765**

22. Segment reporting *(continued)*

	Producing Assets 2013 $	Development Assets 2013 $	Exploration Assets 2013 $	Unallocated Items 2013 $	Consolidated 2013 $
Revenue	**-**	**-**	**-**	**-**	**-**
Cost of sales	**-**	**-**	**-**	**-**	**-**
Gross profit	**-**	**-**	**-**	**-**	**-**
Other income	-	-	-	9,278,979	9,278,979
Share based employment benefits	-	-	-	(2,168,210)	(2,168,210)
General and administrative expenses	-	-	-	(5,274,931)	(5,274,931)
Depreciation & amortisation	-	-	-	(456,880)	(456,880)
Employee benefits and associated costs	-	-	-	(3,666,321)	(3,666,321)
Exploration expenditure	-	-	(6,977,912)	-	(6,977,912)
Finance costs	-	-	-	(18,118)	(18,118)
Loss before income tax	**-**	**-**	**(6,977,912)**	**(2,305,481)**	**(9,283,393)**
Taxes	-	-	-	-	-
Loss for the year	**-**	**-**	**(6,977,912)**	**(2,305,481)**	**(9,283,393)**
Segment assets	**-**	**50,000**	**19,526,413**	**9,513,433**	**29,089,846**
Segment liabilities	**-**	**-**	**(1,585,294)**	**(2,858,628)**	**(4,443,922)**
Capital expenditure					
Exploration and evaluation assets	-	-	7,388,793	-	7,388,793
PP&E - development and production assets	-	-	-	-	-
PP&E - other	-	-	-	442,627	442,627
Total capital expenditure	**-**	**-**	**7,388,793**	**442,627**	**7,831,420**

In 2014 the Group changed its segment reporting from one operating segment to three separately identifiable operating segments. Consequently the 2013 segment reporting note has been revised to reflect the same reporting format as 2014, refer to table above.

Revenue from external customers by geographical location of production

	2014 $	2013 $
Australia	**3,718,102**	**-**

Non-current assets by geographical location

	2014 $	2013 $
Australia	**69,484,821**	**19,871,442**

Major Customers
There are two customers with revenue exceeding 10% of the group's total oil and gas sales revenue.

Revenue from one customer represents $2,491,694 or 67% of the group's total oil and gas revenues (2013: $nil). Revenue from one customer represents $1,226,408 or 33% of the group's total oil and gas revenues (2013: $nil).

	2014	2013
	$	$

23. Parent entity information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2014	2013
Statement of financial position		
Current assets	9,188,446	10,674,415
Non-current assets	11,070,840	10,344,885
Total assets	20,259,286	21,019,300
Current liabilities	(3,118,556)	(2,948,174)
Total liabilities	(4,723,544)	(2,948,174)
Net assets	15,535,742	18,071,126
Shareholders' equity:		
Issued capital	155,223,040	130,258,022
Reserves	14,448,695	10,132,938
Accumulated losses	(154,135,993)	(122,319,834)
Total equity	15,535,742	18,071,126
Loss for the year	(31,816,159)	(12,389,760)
Total comprehensive loss	(31,816,159)	(12,389,760)

(b) Guarantees entered into by the parent entity

Guarantees have been provided by the parent entity to subsidiaries arising out of the course of ordinary operations.

A Macquarie Loan Facility was entered into by Central Petroleum PVD Pty Ltd (Borrower) in February 2014, the parent and non-borrowing subsidiaries have provided guarantees to Macquarie Bank in relation to the repayment of monies owing and other performance related obligations of the Borrower typical for a borrowing of this nature. Monies received through the operation of Palm valley are subject to a proceeds account and can be distributed to the parent as available when no default exists. Revenues resulting from operations outside of Palm Valley and Dingo assets (such as Surprise) are not subject to a cash sweep or other restrictions under the Facility where no defaults exist.

(c) Contingent assets and liabilities of the parent entity

There are no contingent assets.

Contingent liabilities exist in respect of legal action with Mr John Heugh. Details are set out in Note 28 (a). This case is separate to the case disclosed in note 34(ii).

(d) Commitments of the parent entity

Operating lease commitments of the parent entity are set out in note 29 (b).

24. Related party transactions

(a) Parent entity

The parent entity is Central Petroleum Limited.

(b) Subsidiaries

The consolidated financial statements include the financial statements of Central Petroleum Limited and the subsidiaries listed in the following table.

Name of entity	Place of Incorporation	Class of Shares	Equity holding 2014	Equity holding 2013
			%	%
Merlin Energy Pty Ltd	Western Australia	Ordinary	100	100
Merlin West Pty Ltd	Western Australia	Ordinary	100	100
Helium Australia Pty Ltd	Victoria	Ordinary	100	100
Ordiv Petroleum Pty Ltd	Western Australia	Ordinary	100	100
Frontier Oil & Gas Pty Ltd	Western Australia	Ordinary	100	100
Central Green Pty Ltd	Western Australia	Ordinary	100	100
Central Geothermal Pty Ltd	Western Australia	Ordinary	100	100
Central Petroleum Services Pty Ltd	Western Australia	Ordinary	100	100
Central Petroleum PVD Pty Ltd	Queensland	Ordinary	100	-
Central Petroleum (N.T) Pty Ltd	Queensland	Ordinary	100	-
Jarl Pty Ltd	Queensland	Ordinary	100	-

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 25.

25. Key management personnel

	2014	2013
	$	$
(a) Key management personnel compensation		
Short-term employee benefits	3,257,142	2,679,880
Post-employment benefits	210,954	172,373
Long-term benefits	40,581	22,404
Share based payments	2,268,975	2,129,081
	5,777,652	5,003,738

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 32.

25. Key management personnel (continued)

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options
Details of options provided as remuneration and shares issued on the exercise of such options, together with the terms and conditions of the options, can be found in the remuneration report on pages 21 to 32.

(ii) Option holdings
The number of options over ordinary shares in the Company held during the financial year by each director of Central Petroleum Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below.

	Balance at start of year	Granted as compensation	Exercised	Other changes	Held at date of departure	Balance at end of year	Vested and exercisable	Unvested
Non-Executive Directors								
Andrew Whittle								
2014	900,000	-	-	-	N/A	900,000	300,000	600,000
2013	-	900,000	-	-	N/A	900,000	300,000	600,000
William Dunmore								
2014	280,000	-	-	(280,000)	N/A	-	-	-
2013	280,000	-	-	-	N/A	280,000	280,000	280,000
Wrixon Gasteen								
2014	1,000,000	-	-	-	N/A	1,000,000	333,334	666,666
2013	-	1,000,000	-	-	N/A	1,000,000	333,334	666,666
Henry Askin[4]								
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013	668,000	1,300,000	-	-	1,968,000	N/A	1,101,333	866,667
Robert Hubbard[1]								
2014	N/A	-	-	-	N/A	-	-	-
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tom Wilson[2]								
2014	N/A	-	-	-	N/A	-	-	-
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peter Moore[3]								
2014	N/A	-	-	-	N/A	-	-	-
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

[1] Appointed 6 December 2013
[2] Appointed 31 March 2014
[3] Appointed 14 April 2014
[4] Retired 20 November 2012

25. Key management personnel *(continued)*

(b) Equity instrument disclosures relating to key management personnel

	Balance at start of year	Granted as compensation	Exercised	Other change	Held at date of departure	Balance at end of year	Vested and exercisable	Unvested
Executive Directors and Other Key Management Personnel								
Richard Cottee[1]								
2014	34,584,407	-	-	-	N/A	34,584,407	9,683,634	24,900,773
2013	-	34,584,407	-	-	N/A	34,584,407	9,683,634	24,900,773
Michael Herrington								
2014	900,000	1,800,000	-	-	N/A	2,700,000	300,000	2,400,000
2013	-	900,000	-	-	N/A	900,000	300,000	600,000
Daniel White								
2014	929,200	733,334	-	(19,200)	N/A	1,643,334	1,643,334	-
2013	929,200	-	-	-	N/A	929,200	929,200	-
Bruce Elsholz								
2014	600,000	570,000	-	-	N/A	1,170,000	1,170,000	-
2013	600,000	-	-	-	N/A	600,000	600,000	-
Leon Devaney								
2014	-	560,000	-	-	N/A	560,000	560,000	-
2013	-	-	-	-	N/A	-	-	-
Michael Bucknill[2]								
2014	-	-	-	-	N/A	-	-	-
2013	N/A	-	-	-	N/A	-	-	-
Robert Willink[3]								
2014	-	-	-	-	N/A	-	-	-
2013	N/A	-	-	-	N/A	-	-	-

[1] *34,584,407 unlisted options exercisable at $0.45 on or before 15 November 2015 and 15 November 2017 were issued to FEP on 8 August 2012, a company in which Richard Cottee has a 50% beneficial equity interest.*
[2] *100,000 options issued 17 July 2014*
[3] *120,000 options issued 17 July 2014*

25. Key management personnel *(continued)*

(iii) Share holdings

The number of shares in the Company held during the financial year by each director of Central Petroleum Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted as compensation during the year.

	Held at beginning of year	Held at date of appointment	On market purchases	Received on exercise of options	Net change other	Held at date of departure	Held at end of year
Non-Executive Directors							
Andrew Whittle							
2014	133,680	N/A	-	-	-	N/A	133,680
2013	80,000	N/A	53,680	-	-	N/A	133,680
William Dunmore							
2014	183,743	N/A	-	-	-	N/A	183,743
2013	155,334	N/A	-	-	28,104	N/A	183,743
Wrixon Gasteen							
2014	104,000	N/A	-	-	(7,000)	N/A	97,000
2013	-	N/A	104,000	-	-	N/A	104,000
Henry Askin [4]							
2014	N/A	N/A	-	-	-	N/A	N/A
2013	774,546	N/A	-	-	-	774,546	N/A
Robert Hubbard[1]							
2014	N/A	64,100	-	-	-	N/A	64,100
2013	N/A	N/A	-	-	-	N/A	N/A
Tom Wilson[2]							
2014	N/A	-	-	-	-	N/A	-
2013	N/A	N/A	-	-	-	N/A	N/A
Peter Moore[3]							
2014	N/A	-	-	-	-	N/A	-
2013	N/A	N/A	-	-	-	N/A	N/A
Executive Directors and Other Key Management Personnel							
Richard Cottee							
2014	208,683	N/A	-	-	-	N/A	208,683
2013	-	N/A	208,683	-	-	N/A	208,683
Michael Herrington							
2014	200,000	N/A	-	-	-	N/A	200,000
2013	-	N/A	200,000	-	-	N/A	200,000
Daniel White							
2014	288,000	N/A	-	-	-	N/A	288,000
2013	288,000	N/A	-	-	-	N/A	288,000
Bruce Elsholz							
2014	-	N/A	-	-	-	N/A	-
2013	-	N/A	-	-	-	N/A	-
Leon Devaney							
2014	110,000	N/A	-	-	-	N/A	110,000
2013	-	N/A	110,000	-	-	N/A	110,000
Michael Bucknill[5]							
2014	-	31,000	-	-	-	N/A	31,000
2013	-	N/A	-	-	-	N/A	N/A
Robbert Willink[5]							
2014	-	-	-	-	-	N/A	-
2013	-	N/A	-	-	-	N/A	N/A

[1] *Appointed 6 December 2013*
[2] *Appointed 31 March 2014*
[3] *Appointed 14 April 2014*
[4] *Retired 20 November 2012*
[5] *Appointed 1 July 2013*

25. Key management personnel *(continued)*

(c) Other transactions with key management personnel

(i) During the year ended 30 June 2014 the consolidated entity paid $24,476 (2013: $69,629) to Dunmore Consulting, a business in which Mr Dunmore is the principal, for the provision of technical and corporate advisory services. This transaction was on normal commercial terms and conditions no more favourable than those available to other parties.

(ii) During the year ended 30 June 2014 the consolidated entity paid $nil (2013: $58,000) to Jabiru Energy Development and Innovation Pty Ltd, a business in which Mr Herrington is the principal, for the provision of corporate advisory services prior to his appointment as Chief Operating Officer of the Company. This transaction was on normal commercial terms and conditions no more favourable than those available to other parties.

(iii) During the year ended 30 June 2014 the consolidated entity paid $nil (2013: $168,000) to Ikon Corporate Pte Ltd, a business in which Mr Gasteen is a director, for the provision of corporate advisory services including the sale of Merlin Coal Pty Ltd. This transaction was on normal commercial terms and conditions no more favourable than those available to other parties.

(iv) FEP has provided the services of Richard Cottee on the basis of a secondment to the Company. As such compensation is made to FEP in line with FEP's Intercompany Services Agreement shown on page 28. Richard Cottee has a 50% beneficial equity interest in FEP.

During the year ended 30 June 2014 FEP has received compensation of $516,470 (2013: $516,470).

26. Reconciliation of loss after income tax to net cash outflow from operating activities

	2014 $	2013 $
Loss after income tax	(10,857,986)	(9,283,393)
Adjustments for:		
Depreciation and amortisation	1,127,155	456,880
Share-based payments	2,818,231	2,168,210
Income tax expense	(4,107,498)	-
Write off of property, plant and equipment	-	503,703
Write off of exploration assets	-	1,657,600
Gain on sale of investment	-	(1,744,796)
Changes in assets and liabilities relating to operating activities:		
(Increase) / decrease in trade and other receivables	3,981,516	(5,356,057)
Decrease / (increase) in inventories	(965,702)	76,159
(Increase) in exploration assets	(650,000)	(500,000)
(Decrease) / increase in trade and other payables	7,847,852	(314,138)
Increase / (decrease) in provisions	1,284,193	183,366
Net cash inflow/(outflow) from operating activities	**477,761**	**(12,152,466)**

27. Non-cash investing and financing activities

In 2014 the Group purchased 100% of Magellan Petroleum (NT) Pty Ltd ("MPNT") from Magellan Petroleum Corporation. The consideration paid for the sale was $35,595,871 made up of $20,595,871 in cash and an issue of 39,473,684 shares in Central Petroleum Limited with a fair value of $15,000,000. See note 33 for further details.

In 2013, the remaining 20% interest in EP97 was acquired from Rawson Resources for consideration of 50 million ordinary shares in Central Petroleum Ltd ($6,888,793). Upon completion of the transaction, Central holds a 100% interest in the permit.

28. Contingencies

(a) Contingent liabilities

(i) The consolidated entity had contingent liabilities at 30 June 2014 in respect of certain joint arrangement 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 (2013: $1,000,000) within twelve months following the commencement of any future commercial production from the permits.

(ii) On 29 November 2012 the Company was 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 claim is currently being funded pursuant to the Company's Employment Practices Liability insurance. The directors believe that a favourable outcome to the dispute is probable and no material amount will be payable by the Company. This case is separate to the case disclosed in note 34(ii).

(b) Contingent assets

There were no contingent assets at 30 June 2014 (30 June 2013 - $nil).

29. Commitments

(a) Capital commitments

The consolidated entity has the following exploration expenditure commitments:

		2014 $	2013 $
The following amounts are due:			
Within one year	(a)	32,976,497	-
Later than one year but not later than three years		15,447,000	-
Later than three years but not later than five years		24,000,000	12,903,000
		72,423,497	**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 or relinquish them altogether and, as a result, obligations may be reduced or extinguished.

(a) $21,346,497 of this commitment relates to the Dingo gas field development funded by the Macquarie debt facility.

29. Commitments *(continued)*

(b) Operating lease commitments	$	$
The consolidated entity, through its parent entity Central Petroleum Limited, has non-cancellable operating leases for office premises in Perth, Alice Springs and Brisbane. The leases have varying terms, escalation clauses and renewal rights.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows**:**		
Within one year	595,987	346,592
Later than one year but not later than five years	2,414,894	-
	3,010,881	**346,592**

30. Share based payments

(a) Employee options

An Incentive Option Scheme operates to provide incentives for employees. Participation in the plan is at the board's discretion; however the plan is open to all employees and directors of the Company.

At the discretion of the Company, performance criteria may or may not be established in respect of options that vest under the Incentive Option Scheme. Options are granted for no consideration. Options that have been granted to date to employees, excluding directors, have contained service conditions in respect of their vesting. Options have vested progressively from grant date to, in some cases, an employee's third anniversary. As of the date of this report no options issued under the Incentive Option Scheme have contained any performance criteria in respect of their vesting.

There are no rules imposing a restriction on removing the 'at risk' aspect of options granted to employees or directors. One ordinary share is issued upon exercise of one option.

Set out below are summaries of options that have been granted to directors and employees.

30. Share based payments *(continued)*

Expiry Date	Exercise price[1]	Balance at start of the year Number[1]	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at the end of the year
2014							
31 Mar 2014	$1.110	300,000	-	-	(300,000)	-	N/A
31 Mar 2014	$1.250	300,000	-	-	(300,000)	-	N/A
31 Mar 2014	$1.400	300,000	-	-	(300,000)	-	N/A
31 Mar 2014	$1.600	300,000	-	-	(300,000)	-	N/A
31 Mar 2014	$1.850	300,000	-	-	(300,000)	-	N/A
31 Mar 2014	$1.000	1,673,334	-	-	(1,673,334)	-	N/A
31 May 2015	$0.610	1,268,000	-	-	-	1,268,000	1,268,000
31 Oct 2015	$0.550	120,000	-	-	-	120,000	120,000
15 Nov 2015	$0.450	9,683,634	-	-	-	9,683,634	9,683,634
15 Nov 2015	$0.450	-	4,379,334	(25,000)	-	4,354,334	4,354,334
15 Nov 2015	$0.650	-	207,000	-	-	207,000	-
12 May 2016	$0.600	40,000	-	-	-	40,000	40,000
20 Jul 2016	$0.550	669,334	-	-	-	669,334	669,334
19 Aug 2016	$0.575	400,000	-	-	-	400,000	400,000
30 Aug 2016	$0.575	800,000	-	-	(200,000)	600,000	600,000
15 Nov2016	$0.475	2,318,668	-	-	-	2,318,668	2,318,668
30 Nov 2016	$0.475	400,000	-	-	-	400,000	400,000
15 Nov 2017	$0.450	24,900,773	-	-	-	24,900,773	-
15 Nov 2017	$0.475	-	1,800,000	-	-	1,800,000	-
Totals		**47,873,748**	**6,386,334**	**(25,000)**	**(3,373,334)**	**50,861,748**	**19,853,970**
Weighted average exercise price		$0.510	$0.460	$0.450	$1.210	$0.460	$0.470
Weighted average remaining contractual life (years) at the end of the year						2.60	

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

30. Share based payments *(continued)*

Expiry Date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at the end of the year
2013							
31 Mar 2014	$0.220	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.250	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.280	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.320	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.370	1,500,000	-	-	-	1,500,000	1,500,000
31 Mar 2014	$0.200	8,366,666	-	-	-	8,366,666	8,366,666
31 May 2015	$0.122	6,340,000	-	-	-	6,340,000	6,340,000
31 Oct 2015	$0.110	600,000	-	-	-	600,000	600,000
15 Nov 2015	$0.090	-	48,418,169	-	-	48,418,169	48,418,169
15 Nov 2015	$0.090	-	6,833,332	-	-	6,833,332	6,833,332
12 May 2016	$0.120	300,000	-	-	(100,000)	200,000	200,000
20 Jul 2016	$0.110	5,646,665	-	(2,300,000)	-	3,346,665	3,346,665
19 Aug 2016	$0.115	2,000,000	-	-	-	2,000,000	2,000,000
30 Aug 2016	$0.115	4,000,000	-	-	-	4,000,000	3,000,000
15 Nov 2016	$0.095	12,993,335	-	(1,400,000)	-	11,593,335	11,593,335
30 Nov 2016	$0.095	6,000,000	-	(3,000,000)	(1,000,000)	2,000,000	1,500,000
15 Nov 2017	$0.090	-	124,503,864	-	-	124,503,864	-
15 Nov 2017	$0.090	-	13,666,668	-	-	13,666,668	-
Totals		**53,746,666**	**193,422,033**	**(6,700,00)**	**(1,100,000)**	**239,368,699**	**99,698,167**
Weighted average exercise price		$0.146	$0.090	$0.100	$0.097	$0.102	$0.119
Weighted average remaining contractual life (years) at the end of the year					3.630		

(b) Employee options granted during the year

Options granted during the year ended 30 June 2014 and 30 June 2013 were valued using a binomial option pricing model. The model inputs for option issued during the year included:

Grant date	Expiry date	Number of options	Average fair value per option	Exercise price	Price of shares on grant date	Estimated volatility*	Risk free interest rate	Dividend yield
2014								
10 Jul 13	15 Nov 15	4,379,334	$0.047	$0.450	$0.625	60% to 90%	2.73%	0.0%
28 Nov 13	15 Nov 15	1,800,000	$0.045	$0.475	$0.320	45% to 65%	2.69%	0.0%
10 Apr 14	15 Nov 15	207,000	$0.055	$0.650	$0.490	45% to 65%	2.79%	0.0%
2013								
19 Jul 12	15 Nov 15	48,418,169	$0.023	$0.45	$0.625	60% to 90%	2.73%	0.0%
19 Jul 12	15 Nov 17	55,335,051	$0.027	$0.45	$0.625	60% to 90%	2.77%	0.0%
19 Jul 12	15 Nov 17	69,168,813	$0.024	$0.45	$0.625	60% to 90%	2.77%	0.0%
29 Nov 12	15 Nov 15	6,833,332	$0.039	$0.45	$0.755	50% to 80%	2.73%	0.0%
29 Nov 12	15 Nov 17	6,833,332	$0.042	$0.45	$0.755	50% to 80%	2.77%	0.0%
29 Nov 12	15 Nov 17	6,833,332	$0.045	$0.45	$0.755	50% to 80%	2.77%	0.0%

* The estimated price volatility is based on the historical price volatility for the 12 months prior to the date of granting of the options, adjusted for any expected changes to future volatility due to publicly available information.

30. Share based payments *(continued)*

(c) Expenses arising from share-based payment transactions

Total expenses arising from share based transactions recognised during the year were:

	2014	2013
	$	$
Options issued to directors and employees	**2,818,231**	**2,168,210**

31 Financial risk management

The consolidated entity's principal financial instruments are cash and short-term deposits. The consolidated entity also has other financial assets and liabilities such as trade receivables, trade payables and borrowings, which arise directly from its operations. The consolidated entity's risk management objective with regard to financial instruments and other financial assets include gaining interest income and the policy is to do so with a minimum of risk.

(a) Credit Risk

The credit risk on financial assets of the consolidated entity which have been recognised in the statement of financial position is generally the carrying amount, net of any provision for doubtful debts. The consolidated entity trades only with recognised banks and Santos Ltd subsidiaries / operated joint ventures where the credit risk is considered minimal.

The aging of the consolidated entity's receivables at reporting date was:

Trade and other receivables	Gross		Impairment	
	2014	2013	2014	2013
	$	$	$	$
Past due: 0 – 30 days	1,191,514	6,778,095	-	-
Past due: 31 – 150 days	1,274,539	31,878	-	-
Past due: 151 – 365 days	-	-	-	-
	2,466,053	**6,809,973**	**-**	**-**

Based on historic default rates, the consolidated entity believes that no impairment allowance is necessary in respect of receivables past due by up to 150 days.

The receivables at 30 June 2014 relate predominantly to the oil sales from Surprise West field and gas sales from Palm Valley field. In addition amounts receivable exist from joint arrangement partner recharges and gst refunds due from the Australian tax office. 100% of trade and other receivables have been received to date.

Credit risk also arises in relation to financial guarantees given to certain parties (see notes 23(b)). Such guarantees are only provided in exceptional circumstances and are subject to specific board approval.

(b) Liquidity Risk

The following are the contractual maturities of financial assets and liabilities:

2014	≤ 6 months $	6 - 12 months $	1 - 5 years $	≥ 5 years $	Total $
Financial Assets					
Cash and cash equivalents	10,330,474	-	-	-	10,330,474
Trade and other receivables	2,466,053	-	-	-	2,466,053
Other financial assets	2,423,185	-	-	-	2,423,185
	15,219,712	**-**	**-**	**-**	**15,219,712**
Financial Liabilities					
Trade and other payables	(10,476,308)	-	-	-	(10,476,308)
Macquarie debt facility	-	(255,760)	(23,761,593)	-	(24,017,353)
	(10,476,308)	(255,760)	(23,761,593)	-	**(34,493,661)**

31 Financial risk management *(continued)*

2013	≤ 6 months $	6 - 12 months $	1 - 5 years $	≥ 5 years $	Total $
Financial Assets					
Cash and cash equivalents	1,308,307	-	-	-	1,308,307
Trade and other receivables	6,809,973	-	-	-	6,809,973
Other financial assets	215,015	-	1,639,604	-	1,854,619
	8,333,295	**-**	**1,639,604**	**-**	**9,972,899**
Financial Liabilities					
Trade and other payables	(3,332,034)	-	-	-	(3,332,034)
	(3,332,034)	**-**	**-**	**-**	**(3,332,034)**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding. Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note 6) on the basis of expected cash flows. This is carried out at the Group level in accordance with practice and limits set by the Board of Directors. In addition, the group's liquidity management policy involves projecting cash flows, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

		2014 $	2013 $
Macquarie debt facility (floating rate)	31(d)	24,426,000	-

(c) ***Interest Rate Risk***

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated	Weighted Average Effective Interest Rate		Floating interest rate		Fixed interest		Non-interest bearing		Total	
	2014 %	2013 %	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Financial Assets:										
Cash and cash equivalents	0.9	0.8	10,330,474	1,308,307	-	-	-	-	10,330,474	1,308,307
Trade and other receivables	-	-	-	-	-	-	2,466,053	6,809,973	2,466,053	6,809,973
Other financial assets	0.6	0.5	-	-	485,828	215,015	1,937,357	1,639,604	2,423,185	1,854,619
			10,330,474	**1,308,307**	**485,828**	**215,015**	**4,403,410**	**8,449,577**	**15,219,712**	**9,972,899**
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	(10,476,308)	(3,332,034)	(10,476,308)	(3,332,034)
Interest bearing liabilities	10.2	-	(24,017,353)	-	-	-	-	-	(24,017,353)	-
			(24,017,353)	**-**	**-**	-	(10,476,308)	(3,332,034)	**(34,493,661)**	**(3,332,034)**
Net Financial Assets/(Liabilities)			**(14,368,879)**	**1,308,307**	**485,828**	**215,015**	**(6,072,898)**	**5,117,543**	**(19,273,949)**	**6,640,865**

31 Financial risk management *(continued)*

Interest Rate Sensitivity

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 10% movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below based on the average amount of interest bearing financial instruments held. This analysis assumes that all other variables remain constant.

The analysis is performed only on those financial assets and liabilities with floating interest rates and is prepared on the same basis as for 2013.

	Profit or Loss		Equity	
	10% Increase	10% Decrease	10% Increase	10% Decrease
2014				
Cash and cash equivalents	15,456	(15,456)	-	-
Interest bearing liabilities	255,779	(255,779)		
2013				
Cash and cash equivalents	987	(987)	-	-
Interest bearing liabilities	-	-		

(d) Financing Facilities

In February 2014, Central Petroleum PVD Pty Ltd entered into a Loan Facility Agreement (Facility) with Macquarie Bank Limited (Macquarie). The Facility consists of 3 tranches totalling $50 million. Tranches A and C total $20 million and were used for the acquisition of Palm Valley and Dingo gas fields and related assets from Magellan. Tranche B accounts for the balance of the Facility (up to $30 million) and is available to fund completion of the Dingo gas field, including all acquisition costs and capitalised interest expenses. Tranche C ($5 million) is structured as a 2-year, interest only bullet. Tranche A and B ($45 million in total) are structured as a 5 year partially amortising term loan. The interest costs for each loan are based on fixed spreads over the periodic Bank Bill Swap (BBSW) average bid rate. The interest rate for tranche B steps down on completion of the Dingo project provided certain production hurdles or financial ratios are achieved. The Group does not have any interest rate hedging arrangements in place. Central Petroleum Ltd can repay the Facility in part or in whole at any time without a pre-payment penalty.

Under the terms of the Facility, the Group is required to comply with the following two key financial covenants:

1) The Group Current Ratio is at least 1:1, excluding amounts payable under the Maquarie debt facility and outstanding contributions to the Southern Georgina joint arrangement.
2) The Net Present Value with a 10% discount rate (NPV10) of forecasted net cash flow from Palm Valley and Dingo limited by the sales of only Proved Developed Producing reserves, divided by the outstanding loan amount must be greater than 1:1

The Group remains compliant with these and all other financial covenants under the Facility.

(e) Currency Risk

The consolidated entity's exposure to currency risk is limited due to its ongoing operations being in Australia and all associated contracts completed in Australian dollars. A small foreign exchange risk arises from liabilities denominated in a currency other than Australian dollars. The Group generally does not undertake any hedging or forward contract transactions as the exposure is considered immaterial, however individual transactions are reviewed for any potential currency risk exposure.

(f) Fair Values

The carrying amounts of cash, cash equivalents, financial assets and financial liabilities, approximate their fair values.

32. Interests in joint arrangements

Details of joint arrangements in which the consolidated entity has an interest are as follows:

	Principal activities	2014	2013
		%	%
EP82 (Santos)	Oil & gas exploration	75.00	75.00
EP105 (Santos)	Oil & gas exploration	75.00	75.00
EP106 (Santos)	Oil & gas exploration	75.00	75.00
EP107 (Santos)	Oil & gas exploration	75.00	75.00
EP112 (Santos)	Oil & gas exploration	75.00	75.00
EP125 (Santos)	Oil & gas exploration	30.00	30.00
RL3 & 4 (Santos) *	Oil & gas exploration	75.00	75.00
EP115 North Mereenie Block (Santos)	Oil & gas exploration	60.00	60.00
ATP909 (Total)	Oil & gas exploration	90.00	90.00
ATP911 (Total)	Oil & gas exploration	90.00	90.00
ATP912 (Total)	Oil & gas exploration	90.00	90.00
EP(A)147 (Santos)	Oil & gas exploration	75.00	75.00

Total = TOTAL GLNG Australia

Santos = Santos QNT Pty Ltd

The Joint Arrangements are accounted for based on contributions made to the Joint Operated Arrangements on an accruals basis. The principal place of business is Australia.

Santos' and Total's right to earn and retain participating interests in each permit is subject to satisfying various obligations in their respective farmout agreement. The participating interests as stated assume such obligations have been met, otherwise may be subject to change or negotiation.

* In line with the Company's announcement of 31 July 2014, consolidated entity regained 100% ownership of RL3 & 4.

32. Interests in joint arrangements (continued)

The share in the assets and liabilities of the joint arrangements where less than 100% interest is held by the Company are included in the consolidated entity's statement of financial position in accordance with the accounting policy described in note 1(b) under the following classifications:

	2014 $	2013 $
Current assets		
Cash and cash equivalents	807,914	51,373
Trade and other receivables	45,500	12,822
Inventory	362,958	-
Total current assets	1,216,372	64,195
Non-current assets		
Property, plant and equipment	176,900	-
Other financial assets	9,300	7,200
	186,200	7,200
Current liabilities		
Trade and other payables	353,355	128,515
Joint Venture under contributions *	4,305,514	322,058
Accruals	38,221	63,555
	4,697,090	514,128
Net liabilities	**3,294,518**	**442,733**
Joint arrangement contribution to loss before tax		
Revenue	11,112	313
Expenses	(2,948,314)	(440,962)
Profit / (Loss) before income tax	**(2,937,202)**	**(440,649)**

* The Group is liable for the last 20% of the stage 1 expenditure, with Total funding the first 80%.

33. Business Combination

On 31 March 2014 the Group purchased 100% of Magellan Petroleum (NT) Pty Ltd ("MPNT") from Magellan Petroleum Corporation, a NASDAQ Stock Exchange-listed oil and gas exploration and production company.

The Group identified the purchase of MPNT as a strategic acquisition for the CTP Group in line with delivering strong growth from exploration and production across Central Australia. The acquisition provides Central with infrastructure and production revenues.

The consideration paid for the sale was $35,595,871 made up of $20,595,871 in cash and an issue of 39,473,684 shares in Central Petroleum Limited with a fair value of $15,000,000. Transaction fees of $1,914,004 were incurred.

The provisional fair value allocation to the identifiable assets and liabilities is detailed below. To the extent that the purchase consideration exceeds the aggregate of the fair value of the identifiable assets and liabilities of MPNT, then goodwill has been recognised and recorded on acquisition.

	Provisional fair value recognised on acquisition
	$
Assets	
Exploration assets	650,000
Property, plant & equipment	39,027,558
Trade and other receivables	63,973
Inventory	534,689
Assets held for sale	1,000,000
	41,276,220
Liabilities	
Provisions for liabilities and charges	5,479,121
Provision for deferred tax	4,107,498
	9,586,619
Net assets at fair value	31,689,601
Goodwill arising on acquisition	3,906,270
	35,595,871
Purchase consideration transferred	
Cash	20,595,871
Issued share capital	15,000,000
	35,595,871

From the date of acquisition, MPNT contributed a profit of $349,223 to the results of the Group. If the combination had taken place at the beginning of the financial year, revenue from continuing operations for the Group would have been $4,616,062 and the loss from the continuing operations for the Group would have been $(12,013,404).

33. Business Combinations *(continued)*

Contingent Consideration
Under the Share Sale and Purchase Deed entered into with Magellan Petroleum Australia Pty Limited (Magellan) in February 2014 for the purchase of Palm Valley and Dingo gas fields and related assets, Central Petroleum is obligated to pay Magellan a Gas Price Bonus where the weighted average price of gas sold from the Palm Valley gas field during a Contract Year exceeds certain price hurdles during a period of 15 years following Completion of the Agreement. The price hurdles are in excess of the current gas prices received from the Palm Valley gas field and escalate annually with CPI. The Gas Price Bonus Amount is calculated as 25% of the difference between the weighted average price of gas actually sold in a Contract Year and the gas price bonus hurdle applicable to that Contract Year (after adjusting for CPI), multiplied by the actual volume of gas originating and sold from the Palm Valley gas field .

The weighted average price of gas sold from the Palm Valley gas field is currently below the Gas Price Bonus hurdle price and therefore no gas price bonus is payable (or anticipated to be payable) at this time. Given current NT gas market conditions, we do not anticipate paying a gas price bonus over the relevant term and have therefore ascribed a $nil value to this contingent liability. Should access to significantly higher priced markets eventuate, this contingent liability will be revisited. Importantly, any future payment of the Gas Price Bonus would likely only occur where sales and revenues from the Palm Valley gas field materially exceed our acquisition assumptions.

34 Events occurring after the reporting period

Subsequent to 30 June 2014 the following events have occurred:

(i) Share placement

On 24 September 2014 the Company agreed to place 20 million shares at $0.30 per share with institutional investors in Australia and Hong Kong raising $6 million. The $0.30 issue price represents a 1.7% discount to the 10-day VWAP. Settlement of the placement is due on 1 October 2014.

(ii) **John Heugh Legal Case**

On 5 September 2014 Mr Justice Le Miere handed down his judgement on the case alleging unfair dismissal of John Heugh by the board of Central Petroleum in the first quarter of 2012.

The Court found that Mr Heugh seriously breached his employment contract by failing to comply with the directions of the board by putting pressure on Trevor Shortt not to accept responsibility for farmouts, and by failing to ensure the proper implementation of Central Petroleum's policies, procedures and systems and in particular its code of conduct. However, the Court held that Mr Heugh remedied those breaches.

The Court found that it was not reasonable for the board to terminate Mr Heugh's contract and awarded him damages of $1,598,298 inclusive of interest, costs are yet to be determined. In line with AASB 110 Events after the Reporting Period and AASB 137 Provisions, Contingent Liabilities and Contingent Assets a provision has been recognised.

The Company will not initiate an appeal process of this decision and has paid the proportion of the damages not covered by insurance.

In the directors' opinion:

a) the financial statements and notes set out on pages 40 to 87 of the Consolidated Entity are in accordance with the *Corporations Act 2001* (Cth), including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date;

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

c) the financial statements comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 1(a).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* (Cth) for the financial year ended 30 June 2014.

This declaration is made in accordance with a resolution of the directors of Central Petroleum Limited:

Richard Cottee
Managing Director

Brisbane, 30 September 2014

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

Report on the financial report

We have audited the accompanying financial report of Central Petroleum Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Central Petroleum Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

PricewaterhouseCoopers, ABN 52 780 433 757
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(a) the financial report of Central Petroleum Limited is in accordance with the *Corporations Act 2001,* including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 21 to 32 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Central Petroleum Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Central Petroleum Limited (the company) for the year ended 30 June 2014 included on Central Petroleum Limited's web site. The company's directors are responsible for the integrity of Central Petroleum Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. 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 audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Shewan

Partner

Brisbane
30 September 2014

Details of quoted securities as at 19 September 2014:

Top holders

The 20 largest registered holders of the quoted securities as at 19 September 2014 were:

Ordinary fully paid shares

	Name	No. of Shares	%
1.	Magellan Petroleum Australia Pty Ltd	39,473,684	11.32
2.	Citicorp Nominees Pty Limited	14,639,627	4.20
3.	Macquarie Bank Limited <Metals & Energy Cap Div A/C>	10,000,000	2.87
4.	HSBC Custody Nominees Australia Limited	8,885,924	2.55
5.	Mr Gerard Pieter Tom Van Brugge	4,000,000	1.15
6.	J P Morgan Nominees Australia Limited	3,788,784	1.09
7.	National Nominees Limited	3,448,363	0.99
8.	BNP Paribas Noms Pty Ltd <DRP>	3,361,163	0.96
9.	Marford Group Pty Ltd	2,966,485	0.85
10.	Mr Mark Philip Shawcross	2,910,000	0.83
11.	Mr James Donald Bruce Cochrane + Mrs Joan Elizabeth Cochrane <Bruce and Joan Cochrane A/C>	2,307,580	0.66
12.	Franze Holdings Pty Ltd	2,046,546	0.59
13.	John Cresswell Leigh + Dulcie Lynette Leigh <JAD Super Fund No2 A/C>	1,746,500	0.50
14.	Mr Geoffrey Rol	1,736,050	0.50
15.	RBJ Nominees Pty Ltd <Superannuation>	1,600,000	0.46
16.	Advent Energy Ltd	1,250,000	0.36
17.	EPS Management Pty Ltd <The Philis Super Fund A/C>	1,232,051	0.35
18.	Chembank Pty Ltd <Philandron A/C>	1,200,000	0.34
19.	Madeiros Pty Ltd <Visser Super Fund A/C>	1,103,146	0.32
20.	Franze Holdings Pty Limited <John Franze Super Fund A/C>	1,098,546	0.32
		108,794,474	**31.20**

Distribution schedule

The distribution schedule of the ordinary fully paid shares as at 19 September 2014 was:

Range	Holders	Units	%
1 - 1,000	923	505,232	0.14
1,001 - 5,000	3,021	8,362,131	2.40
5,001 - 10,000	1,573	12,519,286	3.59
10,001 - 100,000	3,058	102,564,636	29.41
100,001 - Over	487	224,767,672	64.46
Total	9,062	348,718,957	100.00

Geographic Breakdown

The geographic distribution schedule of the ordinary fully paid shares as at 19 September 2014 was:

Location	Holders	Units	%
Australia	8,797	335,583,482	96.23
Overseas	265	13,135,475	3.77
Total	9,062	348,718,957	100.00

Substantial shareholders

As at 19 September 2014, there is one substantial shareholders in the Company.

Name	No. of Shares	%
Magellan Petroleum Australia Pty Ltd	39,473,684	11.32

Restricted Securities

As at 19 September 2014, the Company had no restricted securities.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 1,493 shares as at 19 September 2014):

Holders	Units
1,357	1,042,140

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of shareholders or classes of shareholders:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative of a shareholder;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for their share, but in respect of partly paid shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those shares (excluding amounts credited).

On-Market Buy Back

There is no current on-market buy-back.

INTERESTS IN PETROLEUM PERMITS AND LICENCES AT 29 SEPTEMBER 2014

Permits and Licences Granted

Tenement	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
EP 82**/***	Amadeus Basin NT	Santos	75	60	Santos	40
EP 93	Pedirka Basin NT	Santos#	100	100		
EP 97	Pedirka Basin NT	Central	100	100		
EP 105**/***	Amadeus/Pedirka Basin NT	Santos	75	60	Santos	40
EP 106**/***	Amadeus Basin NT	Santos	75	60	Santos	40
EP 107**/***	Amadeus/Pedirka Basin NT	Santos	75	60	Santos	40
EP 112**/***	Amadeus Basin NT	Santos	75	60	Santos	40
EP 115 (excl.North Mereenie Block)	Amadeus Basin NT	Central	100	100		
EP 115 (North Mereenie Block) **/***	Amadeus Basin NT	Santos	60	60	Santos	40
EP 125 **/***	Amadeus Basin NT	Santos	30	30	Santos	70
OL3	Amadeus Basin NT	Central	100	100		
L6	Amadeus Basin NT	Central	100	100		
L7	Amadeus Basin NT	Central	100	100		
RL3*	Amadeus Basin NT	Central	75	100		
RL4*	Amadeus Basin NT	Central	75	100		
ATP 909 **	Georgina Basin QLD	Central	90	90	Total	10
ATP 911 **	Georgina Basin QLD	Central	90	90	Total	10
ATP 912 **	Georgina Basin QLD	Central	90	90	Total	10

Permits and Licences Under Application

Tenement	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
EPA 92	Lander Trough NT	Central	100	100		
EPA 111	Amadeus Basin NT	Central	100	100		
EPA 120	Amadeus Basin NT	Central	100	100		
EPA 124	Amadeus Basin NT	Central	100	100		
EPA 129	Lander Trough NT	Central	100	100		
EPA 130	Pedirka Basin NT	Central	100	100		
EPA 131	Pedirka Basin NT	Central	100	100		
EPA 132	Georgina Basin NT	Central	100	100		
EPA 133	Amadeus Basin NT	Central	100	100		
EPA 137	Amadeus Basin NT	Central	100	100		
EPA 147***	Amadeus Basin NT	Santos	75	60	Santos	40
EPA 149	Amadeus Basin NT	Central	100	100		
EPA 152	Amadeus Basin NT	Central	100	100		
EPA 160	Lander Trough NT	Central	100	100		
EPA 296	Lander Trough NT	Central	100	100		
PELA 77	Pedirka Basin SA	Central	100	100		

Pipeline Licences

Pipeline Licence	Location	Operator	CTP Consolidated Entity		Other JV Participants	
			Registered Interest (%)	Beneficial Interest (%)	Participant Name	Beneficial Interest (%)
PL30	Amadeus Basin NT	Central	100	100		

** in line with the Company's announcement of 31 July 2014, a 100% beneficial interest is in favour of certain wholly owned Company subsidiaries for RL3 and RL4 with registered interests to follow in the normal course.*

*** Santos' and Total's right to earn and retain participating interests in the permit is subject to satisfying various obligations in their respective farmout agreement. The participating interests as stated assume such obligations have been met, otherwise may be subject to change or negotiation.*

**** in line with the Company's announcement of 31 July 2014, an additional 15% beneficial interest is in favour of Santos with registered interests to follow in the normal course.*