

6 July 2017

CPSA Members  
c/- Central Petroleum Shareholders Association

**By E-mail only**

*info@ctpshareholders.org*

**Subject: Board Spill in favour of OptionCo candidates**

Dear Fellow CTP Shareholders

**Background:** OptionCo is a group of large CTP shareholders and CPSA members, who together hold over 5% of CTP. Based on the recent Macquarie takeover attempt, OptionCo has actioned its right to call a General Meeting to enable shareholders to decide if a change in board members is warranted.

OptionCo would like to thank all those shareholders who helped defeat the Macquarie Scheme last week. While we are very glad our company was not acquired for the low value offered, we remain more resolute than ever that the current board has failed in their primary role and must be removed at the upcoming General Meeting on July 19. That was only the first step in the journey to bring about change for the better at Central.

**Loss of Trust in the Board**

OptionCo believes the current board has lost credibility and the trust of shareholders during this failed Scheme. While claiming they had a fiduciary duty, the current board also engaged in a campaign of cold call persuasion, promoting fear and doubt for the future of the company, combined with multiple delays to try and achieve their narrow objective.

We believe the current board rushed into acceptance of the Scheme Deed on 10 March 2017, in the process committing your company to costs of over \$2 million, and putting at risk an additional \$918k in Reimbursement Fees payable to Macquarie. OptionCo considers this a total waste of money at a time when cash is tight. This irresponsible behaviour simply illustrates the current board's lack of respect for company funding. The failed result also proves just how out of touch they are with shareholders.

To make matters worse, immediately after the Scheme was voted down the current Chairman confidently announced that, *"I would do the same again"*. OptionCo considers this a statement of weakness by the current board, particularly in light of our own much higher internal valuation.

Combined with the value destruction to the company since their joining, and the apparent lack of empathy towards shareholders and the company's true value, OptionCo does not believe the current board as a group can regain the trust of shareholders, and their immediate removal appears to be the only hope for shareholders to unlock the company's true potential.

**Replacement for Mr Richard Cottee**

OptionCo is disappointed that Mr Cottee has implied that we are somehow obligating him to stay, and his comparisons to slavery in the press recently suggests he believes he is irreplaceable. While we

continue to support his direction into gas, we do not believe any individual is larger than the company. OptionCo believes there are eminently acceptable internal candidates to fill the position of CEO if Mr Cottee chooses to leave.

### **Refinancing of the Macquarie Group Debt**

As previously stated, the OptionCo proposed directors intend to work closely and professionally with the Macquarie Group, however we strongly believe the relationships of finance provider and non-operating JV partner must be separated. Consequently, we have investigated refinancing the Macquarie debt with another finance provider as a matter of urgency.

### **Addressing Capital Requirements**

OptionCo does not believe the capital requirements described in the Scheme Booklet IER were subject to the type of rigorous capital efficiency review demanded in the current environment. Consequently, OptionCo does not intend making broad statements on capital requirements until such a review has been undertaken, and a detailed cash flow forecast completed to address the most efficient gas reserve upgrades available. The review will also indicate the capital requirements for existing facilities to enable increased production to run safely and efficiently. Suffice to say, as large shareholders we do not support accessing capital that creates significant dilution.

### **Why Vote for OptionCo's Proposed Directors?**

OptionCo members chose Colin Goodall, Nick Bolkus and myself as replacement board members because they wanted a trustworthy, professional and experienced team to bring Central out of the turmoil the current board has placed the company in. With Mr Goodall's proven ability to lead and add significant value to a medium-tier public company (e.g. Dana Petroleum PLC), combined with Mr Bolkus' extensive political experience, and my hands on experience in some of the world's largest energy companies, OptionCo feel confident your significant investments will be in capable hands. Attached are our summary CV's for your reference.

### **Make Your Voice Heard**

The most recent Scheme vote has proven that when shareholders work together with a common goal, we can achieve successful outcomes. OptionCo believes CTP shareholders own the company and ultimately set the direction. We encourage all shareholders to vote early and have their voice heard by voting FOR the new board members in the upcoming General Meeting.

The time of wasted money spent on failed collaborative deals is over. It's your company, and your vote can make a difference.

Yours faithfully



Stuart Howes

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## **OptionCo's Proposed Board Members**



### **Proposed Chairman - COLIN GOODALL**

Colin Goodall is a qualified chartered accountant and member of the Chartered Institute of Taxation, with over 50 years of experience in the resources sector globally. He spent his early career as a Partner in Touche Ross in London and at Anglo American Corporation in Africa. An upstream oil & gas industry veteran, Mr Goodall joined BP in 1975, later becoming the first Chief of Staff within the BP Group. From 1995 to 1999 he served as Chief Financial Officer for BP Europe and then as BP's senior representative in Russia. Since leaving BP, he has held a number of senior Board positions including; Chairman of Dana Petroleum PLC in London, Senior Non-Executive Director of Lamprell PLC in Dubai and Non Executive Director of Sindicatum Carbon Capital Ltd in Singapore.

While Chairman of Dana Petroleum PLC he saw the significant expansion of the offshore oil & gas company go from £200 million when he joined the board, through to a negotiated sale to Korea national Oil Company (KNOC) for £1.7 billion in 2010.

He is currently Chairman of Osmoflo Ltd, a water treatment company operating in the Middle East and Australasia, as well as Chairman of Golden Horde Ltd, an upstream gas company focused on Central Asia.

OptionCo believes Colin's significant experience in the oil & gas industry, and proven ability to significantly grow a listed energy company will be hugely beneficial to Central's next phase.



### **Proposed Non-Executive Director – HON. NICK BOLKUS**

Nick Bolkus graduated from Adelaide University with a Bachelor of Law, and entered politics as a Senator for South Australia following the Australian federal election in 1980. Nick was the Minister for Consumer Affairs and Minister Assisting the Treasurer for Prices (1988–90), and thereafter became a Cabinet Minister for five years, as Minister for Administrative Services (1990–93), and then Minister for Immigration and Ethnic Affairs and Minister Assisting the Prime Minister for Multicultural Affairs (1993–96). After the end of the Keating Government, Nick was a member of the Opposition Shadow Ministry (1996 - 2001). He remained on the back bench for the final four years of his career in Parliament.

From 2008 to 2015 Nick was a founding partner and co-owner of Bespoke Approach, a corporate advisory firm joint owned by former Foreign Minister Alexander Downer and corporate and political advisor Ian Smith. Nick remains a partner of Bespoke Approach Investment Trust.

He is currently the Chairman of Directors of Nuturf Australia Pty Ltd, and Envirogreen Pty Ltd. and Director of Wondertreat Aust Pty Ltd. and Ecofertiliser Pty Ltd.

OptionCo believes Nick's in-depth knowledge and understanding of Australian politics is considered a strong asset as Central Petroleum navigates through the current regulatory and political landscape.



### **Proposed Non-Executive Director – STUART HOWES**

Stuart holds a Bachelor of Mechanical Engineering and a Master of Business Administration, and has over 20 years of extensive operational, commercial and capital development experience, coupled with a strong working knowledge of the Oil & Gas Industry.

He has been involved in the resource industry for over 20 years and worked in a number of large multi-national energy companies, including ConocoPhillips, ExxonMobil and BHP Billiton. Stuart has significant experience with both onshore and offshore gas developments & operations, and has worked throughout Asia and the Middle East.

Stuart is passionate about the future of Central Petroleum, and has been a shareholder since 2009 and a Top 20 shareholder since late 2014.