

**31 May 2017****SUPPLEMENTARY SCHEME BOOKLET**

Central Petroleum Limited (**Central**) confirms that the Supreme Court of Queensland (**Court**) has today made orders to enable Central to provide shareholders with the supplementary explanatory statement (**Supplementary Scheme Booklet**) in the form attached to this announcement.

The Supplementary Scheme Booklet supplements disclosure in the Scheme Booklet dated 28 April 2017, a copy of which has previously been despatched to shareholders.

Central has today lodged the Supplementary Scheme Booklet with the Australian Securities and Investments Commission.

The Supplementary Scheme Booklet, notice of the postponed Scheme Meeting and an updated voting form will be sent to Scheme Shareholders (as defined in the Scheme Booklet) either by post or electronically.

**Recommendation of Independent Expert**

Ernst & Young Transaction Advisory Services Limited (**Independent Expert**) has been provided with a copy of the Supplementary Scheme Booklet and has not deemed it necessary to revise the Independent Expert's Report contained in the Scheme Booklet.

The Independent Expert's conclusions remain unchanged, that the Scheme is fair and reasonable and, therefore, is in the best interests of shareholders.

**Recommendation of directors**

Central's board of directors continues to unanimously recommend that Scheme Shareholders vote in favour of the Scheme, and each member of the board of directors intends to vote all of their Scheme Shares in favour of the Scheme, in the absence of a superior proposal.

**Postponement of Scheme Meeting and voting**

The Court has ordered that the Scheme Meeting originally scheduled for Monday, 5 June 2017 be postponed to enable Central to despatch, and for shareholders to properly consider, the Supplementary Scheme Booklet.

The postponed Scheme Meeting will be held at 10.30am (AEST) on Monday, 19 June 2017 at the Christie Conference Centre, The Caribbean Room, Level 1, 320 Adelaide Street, Brisbane.

An updated voting form will accompany the Supplementary Scheme Booklet to be despatched to shareholders, which is anticipated to occur on Monday, 5 June 2017.

Scheme Shareholders that have already voted are entitled to change their vote by submitting a new voting form. Any voting forms that have previously been validly lodged prior to 31 May 2017 will be deemed valid for the postponed Scheme Meeting unless revoked. If a new voting form is submitted it will be taken to revoke any previously submitted voting form.

To be valid, a voting form casting a direct vote or appointing a proxy must be received by Computershare Investor Services Pty Limited by 10.30am (AEST) on Saturday, 17 June 2017.

### **Updated indicative timetable for the Scheme**

An updated indicative timetable for the Scheme is set out in the Supplementary Scheme Booklet. Key events are as follows:

Postponed Scheme Meeting	10.30am (AEST) on Monday, 19 June 2017
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Second Court Hearing for approval of the Scheme and Effective Date	Thursday, 22 June 2017
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Record Date (for determining entitlements of the Scheme Shareholders to Scheme Consideration)	7.00pm (AEST) on Thursday, 29 June 2017
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Implementation Date (Scheme Consideration to be paid to Scheme Shareholders)	Thursday, 6 July 2017
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The above dates are indicative only and are subject to change. The Scheme remains subject to the satisfaction or, where applicable, waiver of the conditions precedent to the Scheme (summarised in section 8.1(b) of the Scheme Booklet).

Any changes will be announced by Central to the ASX and published on Central's website at [www.centralpetroleum.com.au](http://www.centralpetroleum.com.au).

Company Secretary

Daniel White

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**General Disclaimer and explanation of terms:**

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

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IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONTACT YOUR BROKER OR FINANCIAL, TAXATION, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

**Central Petroleum Limited**

# **SUPPLEMENTARY SCHEME BOOKLET**

This Supplementary Scheme Booklet supplements disclosure in the Scheme Booklet dated 28 April 2017 relating to the proposed acquisition by Macquarie MPVD Pty Limited (ACN 616 486 983) (**Macquarie MPVD**) of all of the ordinary shares in Central Petroleum Limited (ACN 083 254 308) (**Central**) (other than the Excluded Shares) through a scheme of arrangement between Central Shareholders (other than the Excluded Shareholders) and Central.

The Central Board continues to unanimously recommend that you

# **VOTE IN FAVOUR**

of the Scheme Resolution in the absence of a Superior Proposal.

If you have any questions in relation to this Supplementary Scheme Booklet, you should call the Central Shareholder Information Line on 1300 650 871 (within Australia) or +61 3 9415 4278 (outside Australia) Monday to Friday between 8.30am and 5.00pm (AEST) or visit [www.centralpetroleumscheme.com.au](http://www.centralpetroleumscheme.com.au).

**FINANCIAL ADVISER**



**LEGAL ADVISER**



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# LETTER FROM THE CHAIRMAN OF CENTRAL

31 May 2017

Dear Shareholders

Central Petroleum Limited (**Central**) has obtained approval from the Court to provide shareholders with this Supplementary Scheme Booklet, and to postpone the Scheme Meeting from the original date of 5 June 2017 to the new date of 19 June 2017. A copy of this Supplementary Scheme Booklet has been provided to the Australian Securities and Investments Commission.

Since the Court approved the distribution of the Scheme Booklet to Central shareholders, there have been three changes in the circumstances of Central which, coupled with the completion of the purchase of Santos' interest in Mereenie by Macquarie Mereenie Pty Limited (**Macquarie Mereenie**), materially impact the opportunity of Central as an independent entity, if the Scheme is not approved by shareholders. They are:

1. The letter received from our Managing Director Mr Richard Cottee at 5pm on 26 May 2017 highlighting some of the future complexities of an independent Central and his own position, a copy of which is contained in Attachment A to this Supplementary Scheme Booklet.
2. The requisitioning of a shareholders meeting under section 249D of the *Corporations Act 2001* (Cth) for the replacement of non-executive directors.
3. The gas supply agreement with EDL NGD (NT) Pty Ltd (**EDL**) becoming unconditional, effectively precluding any additional Central-only gas sales from Mereenie.

The purpose of this letter is to provide shareholders with a clearer understanding of the implications of the above to a future independent Central. Since the pivot to gas three years ago, Central has built substantial value which is reflected in the proposed acquisition by Macquarie MPVD Pty Limited. However, as I have previously advised shareholders, the Company is highly geared with substantial loans and other contractual commitments. Macquarie Group has been a constructive and supportive partner to Central when debt and equity funding, necessary to rebuild and advance the Company, were almost impossible to raise. Macquarie Group in its various roles has many intersections with Central, all of which must continue to be carefully managed for an independent Central to survive and prosper.

## BOARD RECOMMENDATION

Central has not, as at the date of this letter, received a superior proposal.

***Based on the conclusion of the Independent Expert and other matters set out in the Scheme Booklet and this Supplementary Scheme Booklet, the Central board continues to unanimously recommend that you vote in favour of the scheme in the absence of a superior proposal.***

## ACTION YOU SHOULD TAKE

The Scheme Booklet dated 28 April 2017 containing all information relevant to the scheme has previously been sent to Central shareholders. This Supplementary Scheme Booklet supplements the disclosure of the Scheme Booklet and shareholders are encouraged to read both documents in their entirety before voting on the scheme.

I encourage you to vote by attending the Scheme Meeting, or if you are unable to attend, by completing and returning the Scheme Voting Form that accompanied this Supplementary Scheme Booklet. You may also lodge your vote online by accessing [www.centralpetroleumscheme.com.au](http://www.centralpetroleumscheme.com.au) and following the instructions set out therein.

Central Shareholders that have already voted are entitled to change their vote by submitting a new Scheme Voting Form. Any Scheme Voting Forms that have previously been validly lodged prior to the date of this Supplementary Scheme Booklet will be deemed valid for the postponed Scheme Meeting unless revoked. If a new Scheme Voting Form is submitted it will be taken to revoke any previously submitted Scheme Voting Form.

If you have any questions after reading this Supplementary Scheme Booklet, please call the Central Shareholder Information Line on 1300 650 871 (within Australia) or +61 3 9415 4278 (outside Australia) between 8.30am and 5.00pm (AEST), visit [www.centralpetroleumscheme.com.au](http://www.centralpetroleumscheme.com.au) or contact your legal, financial, taxation or other professional adviser.

Yours faithfully,



Robert Hubbard  
Chairman

# REVISED TIMETABLE

## Key dates

Supplementary Scheme Booklet despatched to Central Shareholders	Monday, 5 June 2017
ASX announcement for calling of section 249D meeting and EGM notice despatched to Central Shareholders	Friday, 9 June 2017
Latest time and date for receipt of the updated Scheme Voting Form (including forms lodged online) or powers of attorney by the Central Share Registry for the Scheme Meeting	10.30am on Saturday, 17 June 2017
Scheme Meeting	10.30am on Monday, 19 June 2017

## If the Scheme Resolution is approved by Central Shareholders (other than the Excluded Shareholders):

Second Court Date	Thursday, 22 June 2017
Court order lodged with ASIC and announcement to ASX	
Effective Date	
Record Date (for determining entitlements of the Scheme Shareholders to Scheme Consideration)	7:00 pm on Thursday, 29 June 2017
Implementation Date (Scheme Consideration will be paid to Scheme Shareholders on the Implementation Date)	Thursday, 6 July 2017

All dates in the above timetable are indicative only and are subject to change. Central and Macquarie MPVD may vary any or all of these dates and times and will provide reasonable notice of any such variation. Certain times and dates are conditional on the approval of the Scheme by the Scheme Shareholders and the Court.

Any changes will be announced by Central to ASX and published on Central's website at [www.centralpetroleum.com.au](http://www.centralpetroleum.com.au).

# SUPPLEMENTARY DISCLOSURES

Central Petroleum Limited (**Central**) is providing this Supplementary Scheme Booklet to supplement disclosure in the Scheme Booklet dated 28 April 2017 in relation to the proposed acquisition by Macquarie MPVD of all of the ordinary shares in Central (other than Excluded Shares) through a scheme of arrangement between Central Shareholders (other than Excluded Shareholders) and Central.

**The Central Board continues to unanimously recommend that Central Shareholders (other than the Excluded Shareholders) vote in favour of the Scheme Resolution, in the absence of a Superior Proposal.**

You should read this Supplementary Scheme Booklet in conjunction with the Scheme Booklet in their entirety before making any decision as to how to vote at the Scheme Meeting. Any terms not defined in this Supplementary Scheme Booklet have the corresponding meanings given in section 10.1 of the Scheme Booklet.

## 1 GAS SUPPLY AGREEMENT WITH EDL

Central disclosed to the ASX on 26 April 2017 that it had entered into a conditional delivered fixed price gas supply agreement with EDL. Central subsequently announced on 26 May 2017 that this agreement had become unconditional.

The key terms of the agreement set out in the various disclosures to the ASX have been:

- contract term of 5 years commencing 1 June 2017;
- total gas to be delivered over the contract term of 9.85PJ subject to normal commercial take or pay arrangements; and
- gas to be delivered to the Pine Creek Power Station. A gas transportation agreement has been entered into for an initial 12 month period.

Other terms are confidential, however as previously disclosed whilst the immediate financial effect of the EDL contract should be to ensure that the Company is cash flow positive it will not be sufficient to undertake any material exploration and appraisal work.

The agreement completes Central's gas sales capacity from Mereenie under the Interim Gas Balancing Agreement negotiated with Santos on Central's acquisition of Mereenie and inherited by Macquarie Mereenie. This effectively precludes any additional Central-only gas sales from Mereenie until a permanent marketing arrangement is negotiated with Macquarie Mereenie as Central's Mereenie joint venture partner.

## 2 INVOLVEMENT OF MACQUARIE GROUP'S SUBSIDIARIES WITH CENTRAL

Subsidiaries of the Macquarie Group are involved with Central's business in various capacities, all of which are important to the ongoing viability of Central and impacted by events since the distribution of the Scheme Booklet.

### 2.1 AS A LENDER

Central owes \$84 million to Macquarie Bank Limited (**MBL**) under a multi-facility loan agreement which has standard financial covenants. Under all circumstances, Central must ensure it complies with its cover ratios. In essence, this means that the Company must retain sufficient cash reserves to meet the next quarterly loan payment following a distribution. In the near term Central's operating cash flow will be improved by completion of the EDL contract. For full details of the financial covenants refer to page 79 of Central's 2016 Annual Report, which details a minimum Current Ratio test, and a minimum NPV10 Proved Developed Producing reserves test.

### 2.2 AS A JOINT VENTURER

Central's prime asset is the Mereenie oil & gas field which is not only Central's lowest cost per GJ producer but also the field that has the quickest, lowest risk and cheapest potential to increase reserves. The plant was essentially built between 1984 to 1986 (see page 220 of the Scheme Booklet) and the field reached a gas potential of 45 TJ/day (15 PJ pa) at its peak about a decade ago. Since 2009, it has been processing gas ordinarily at a rate of 4-10 TJ/day but the plant requires substantial upgrading and new technology to return the plant to its original production capacity.

All activities at Mereenie can only be carried out pursuant to an approved joint venture budget unless a joint venturer elects to sole-risk (i.e. at that party's sole cost) a particular project. The joint venture agreement was negotiated with Santos and has not been amended since the sale of its interest to Macquarie Mereenie. As a 50:50 joint venture, both joint venture parties have a veto on the joint venture budget other than those expenditures required by law. If a party acting in its own commercial interest wants to sole risk a project, for example, aimed at maximising the gas available for delivery into the east coast gas market on the commissioning of the Northern Gas Pipeline (**NGP**), the other party will need to elect to participate (taking into account, in Central's case, the financial impact of such participation on its loan covenants) or not participate and suffer the resulting dilution of its percentage of sales gas available as a result of such a project.



## 2.3 AS A CUSTOMER

To enable Central to complete the acquisition of its 50% interest in Mereenie from Santos, Central entered a pre-sale agreement with MBL. Upon the earlier of when the NGP becomes operational and 1 January 2019, MBL may elect to be repaid by taking revenue from gas sales contracts which Central has entered into after the pre-sale agreement date. On present facts, this could mean in 19 months' time all the take-or-pay revenues from the EDL contract could flow to MBL and not Central to satisfy its pre-sale obligations. If no further contracts are entered into from now, Central will then revert to a cash-burning situation. Importantly, the EDL contract ensures that the Company does not need to raise capital to fund operating losses in the near term.

## 2.4 AS A GAS MARKETER

As neither Macquarie Mereenie (nor Santos before that) has used a material portion of their entitlement under the Mereenie Interim Gas Balancing Agreement, Macquarie Mereenie has substantial volumes of gas to sell under that arrangement. Since the Interim Gas Balancing is a limit on total sales for each joint venturer, such sales do not contractually re-set or re-balance Central's over lift, i.e. these sales do not enable Central to re-commence gas sales from Mereenie unilaterally. It was always envisaged with Santos that eventually there would be a marketing arrangement agreement negotiated, hence the word "interim". The value ascribed to Central by the Independent Expert has assumed that further volumes can be sold (i.e. this hurdle will be overcome) but given the change in joint venture arrangements this, as yet, is not assured.

# 3 OTHER HURDLES

## 3.1 SANTOS BONUS PAYMENT

Under the original Mereenie acquisition agreement with Santos, a bonus payment of \$15 million may be payable by Central plus possibly a free-carry for a \$55 to \$75 million Mereenie development programme and a certain shortfall payment could be payable (such payment not to exceed half of the \$55 million minimum expenditure) to make up the difference of that free-carry if at least \$55 million is not unexpended within 5 years, if all participants of the Mereenie joint venture enter into a gas transportation agreement with the NGP project proponent prior to 4 June 2018. This potential obligation remains on foot despite the change in joint venture partner.

## 3.2 OORAMINNA COMMITMENT WELL

Central has a 100% interest in Retention Licences 3 and 4 which has a Commitment Well which must be drilled by 6 March next year (see page 242 of Scheme Booklet for Ooramina's prospectivity) for which capital will need to be raised. This timeframe has already been deferred from the original deadline. Given the east coast gas shortage and the imminent commissioning of the NGP with spare capacity there is a clear risk that another deferral of this commitment would not be granted again by the NT Government. To avoid the commitment Central could hand back the licences with adverse consequences to the value of Central.

## 3.3 PROPOSALS PRESENTED BY COMPETING GROUPS

There are two competing proposals advised to the market by certain Central Shareholder groups, which are:

- the written proposal to Central from the group identified as 'OptionCo' to replace all of the Non-Executive Directors of Central. OptionCo has given Central a notice pursuant to section 249D of the Corporations Act to call a shareholders meeting to consider resolutions for removal of Central's current Non-Executive Directors and to replace them with OptionCo's nominees; and
- the written proposal to Central from the group identified as the 'Alternate Board of Directors', which seeks to replace all of the Non-Executive Directors of Central if the Scheme Resolution is not passed at the Scheme Meeting by requesting that such Non-Executive Directors resign "as a matter of good corporate manners". A notice pursuant to section 249D of the Corporations Act has not been provided by this group.

Both groups state that they intend to retain the present management and Mr Richard Cottee's gas strategy.

Mr Richard Cottee has stated that he intends to resign from all roles at Central if the Scheme Resolution is not passed at the Scheme Meeting and the resolutions proposed under the section 249D notice are approved by Central shareholders. Refer to the letter from Mr Cottee contained in Attachment A to this Supplementary Scheme Booklet.

# 4 CORRECTIONS TO SCHEME BOOKLET

Following the release of the Scheme Booklet, an error was drawn to the attention of Macquarie MPVD in section 6.1 of the Scheme Booklet, which is corrected in underline in the following paragraph:

*Founded in 1969, MQG employs more than 13,800 people in over 27 countries. At 30 September 2016, MQG had assets under management of A\$493.1 billion and total equity of A\$15.5 billion.*

## 5 CORRECTIONS TO NOTICE OF SCHEME MEETING

After the release of the Scheme Booklet, the following errors were drawn to Central's attention:

- the following paragraph in section 10.2 of the Notice of Scheme Meeting (contained in Attachment E of the Scheme Booklet) is incorrect:

*In accordance with Central's constitution, any duly signed proxy which is incomplete may be completed by Central's company secretary on authority from the Central Board and the Central Board may authorise completion of the proxy by the insertion of the name of any member of the Central Board as the person in whose favour the proxy is given.*

This paragraph has been omitted from the Notice of Postponed Scheme Meeting contained in Attachment B of this Supplementary Scheme Booklet; and

- section 10.2 of the Notice of Scheme Meeting incorrectly stated that a vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received 48 hours prior to the commencement of the Scheme Meeting (or, if the meeting is adjourned or postponed, no later than 48 hours prior to the commencement of the reconvened or resumed meeting). The correct cut off time for receipt of any revocation of proxy is prior to the commencement of the Scheme Meeting (or, if the meeting is adjourned or postponed, prior to the commencement of the reconvened or resumed meeting). This position has been reflected in the Notice of Postponed Scheme Meeting contained in Attachment B of this Supplementary Scheme Booklet.

## 6 INDEPENDENT EXPERT'S REPORT

The Independent Expert has been provided with a copy of this Supplementary Scheme Booklet and has not deemed it necessary to revise the Independent Expert's Report contained in the Scheme Booklet.

The Independent Expert's conclusions remain unchanged, that the Scheme is fair and reasonable and, therefore, is in the best interests of Central Shareholders.

## 7 RECOMMENDATION AND VOTING INTENTIONS

**The Central Board continues to unanimously recommend that Central Shareholders (other than the Excluded Shareholders) vote in favour of the Scheme Resolution in the absence of a Superior Proposal.**

The Central Board maintains its view that the reasons for Central Shareholders (other than the Excluded Shareholders) to vote in favour of the Scheme Resolution outweigh the reasons to vote against the Scheme Resolution. The reasons to vote for and against the Scheme Resolution are set out in sections 2.2 and 2.3 of the Scheme Booklet, respectively, as well as in this Supplementary Scheme Booklet.

In considering whether to vote in favour of the Scheme Resolution, the Central Board encourages you to:

- carefully read the Scheme Booklet (including the Independent Expert's Report) and this Supplementary Scheme Booklet in their entirety;
- consider the choices available to you as outlined in section 3.8 of the Scheme Booklet;
- have regard to your individual risk profile, portfolio strategy, taxation position and financial circumstances; and
- obtain financial advice from your broker or financial adviser on the Scheme and obtain taxation advice on the effect of the Scheme becoming Effective.

Each member of the Central Board intends to vote in favour of the Scheme Resolution at the Scheme Meeting in relation to the Central Shares held by them, or on their behalf, in the absence of a Superior Proposal.

Details of the Relevant Interests of the Central Directors in Central Securities (including Central Shares) are set out in section 5.5 of the Scheme Booklet.

## 8 POSTPONED SCHEME MEETING AND VOTING

Central has obtained approval from the Court to postpone the Scheme Meeting from the original scheduled date of Monday, 5 June 2017 to provide Central sufficient time to prepare and despatch, and to allow Central Shareholders reasonable time to consider, this Supplementary Scheme Booklet.

The postponed Scheme Meeting will be held at 10.30am (AEST) on Monday, 19 June 2017 at Christie Conference Centre, The Caribbean Room, Level 1, 320 Adelaide Street, Brisbane, QLD 4000.

The Notice of Postponed Scheme Meeting is contained in Attachment B to this Supplementary Scheme Booklet. An updated Scheme Voting Form has been provided with this Supplementary Scheme Booklet.

You may also lodge your vote online by accessing [www.centralpetroleumsscheme.com.au](http://www.centralpetroleumsscheme.com.au) and following the instructions set out therein.

Central Shareholders that have already voted are entitled to change their vote by submitting a new Scheme Voting Form. Any Scheme Voting Forms that have previously been validly lodged prior to the date of the Supplementary Scheme Booklet will be deemed valid for the postponed Scheme Meeting unless revoked. If a new Scheme Voting Form is submitted it will be taken to revoke any previously submitted Scheme Voting Form.

To be valid, a Scheme Voting Form casting a direct vote or appointing a proxy must be received by Computershare Investor Services Pty Limited by 10.30am (AEST) on Saturday, 17 June 2017.

For further information on proxy voting, please refer to the detailed instructions contained in the updated Scheme Voting Form which accompanied this Supplementary Scheme Booklet.

## **9 ADDITIONAL INFORMATION**

### **9.1 GENERAL**

A copy of the Scheme Booklet was sent to Central Shareholders on 5 May 2017 and an electronic copy is available at [www.centralpetroleumscheme.com.au](http://www.centralpetroleumscheme.com.au). Shareholders should refer to the disclaimers and important notices contained in the Scheme Booklet immediately following the front cover, including but not limited to the paragraphs entitled 'no investment advice', 'forward looking statements', 'foreign jurisdictions', 'timetable and dates' and 'privacy', which are also applicable in respect of this Supplementary Scheme Booklet.

This Supplementary Scheme Booklet is dated 31 May 2017. Other than as expressly set out in this Supplementary Scheme Booklet, no other information in the Scheme Booklet dated 28 April 2017 has changed.

A copy of this Supplementary Scheme Booklet has been provided to ASIC and a copy has been released to the ASX. Neither ASIC nor ASX is responsible for the content of this Supplementary Scheme Booklet.

The Central Board believes that the Scheme does not involve any circumstances in relation to the affairs of Central that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

As at the date of this Supplementary Scheme Booklet:

- none of the Conditions Precedent have been satisfied or waived;
- Macquarie MPVD has indicated that it would be willing to waive the Condition Precedent in relation to the Central Options held by Freestone, former employees and former directors of Central that have not been cancelled subject to being satisfied with the treatment of the other remaining Central Options; and
- all of the Central Directors believe that the other Conditions Precedent are capable of being satisfied or will ultimately be waived with the agreement of Macquarie MPVD.

Other than as contained or referred to in the Scheme Booklet and this Supplementary Scheme Booklet, there is no information material to the making of a decision by Central Shareholders whether or not to vote in favour of the Scheme Resolution that is known to any Director and which has not previously been disclosed to Central Shareholders.

### **9.2 CONSENTS**

The following parties have consented to be named in the form and context in which it is named in this Supplementary Scheme Booklet and none of them have withdrawn that consent prior to the date of this Supplementary Scheme Booklet:

- Macquarie MPVD Pty Limited;
- Computershare Investor Services Pty Limited; and
- Ernst & Young Transaction Advisory Services Pty Limited as the Independent Expert.

Each person named above:

- has not authorised or caused the issue of this Supplementary Scheme Booklet;
- does not make, or purport to make, any statement in this Supplementary Scheme Booklet or any statement on which a statement in this Supplementary Scheme Booklet is based, other than:
  - Macquarie MPVD in respect of the information set out in section 4 of this Supplementary Scheme Booklet; and
  - Ernst & Young Transaction Advisory Services Pty Limited in relation to its Independent Expert's Report; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Supplementary Scheme Booklet other than a reference to its name and the statement (if any) included in this Supplementary Scheme Booklet with the consent of that party as specified in this section 9.2.

### **9.3 IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SECTION 411(1) OF THE CORPORATIONS ACT**

At the first court hearing held on Friday, 28 April 2017, the Court ordered Central to convene a Scheme Meeting to be held on Monday, 5 June 2017 to consider and vote on the Scheme Resolution. The original notice convening the Scheme Meeting is set out in Attachment E of the Scheme Booklet. At a further court hearing on Wednesday, 31 May 2017, the Court ordered that the Scheme Meeting be postponed and be reconvened for Monday, 19 June 2017. The notice convening the postponed Scheme Meeting is set out in Attachment B to this Supplementary Scheme Booklet.

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Central Shareholders should vote (on this matter Central Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

#### **QUERIES**

If you have any questions after reading this Supplementary Scheme Booklet, please call the Central Shareholder Information Line on 1300 650 871 (within Australia) or +61 3 9415 4278 (outside Australia) between 8.30am and 5.00pm (AEST), visit [www.centralpetroleumscheme.com.au](http://www.centralpetroleumscheme.com.au) or contact your legal, financial, taxation or other professional adviser.

# ATTACHMENT A – LETTER FROM MR RICHARD COTTEE

C/- Level 7  
369 Ann Street  
BRISBANE QLD 4000

26 May 2017

Dear Chairman

## Scheme of Arrangement

In the last week a number of large shareholders have contacted me following contact from OptionCo or CPSA to confirm my intention if the “no” vote prevailed at the scheme meeting. They believed I would stay in all circumstances. This is not the case.

In the last four years, we have rebuilt substantial value which is reflected in the proposed acquisition by Macquarie MPVD Pty Limited. However, the Company is also now constrained by substantial borrowings, repayment commitments and contractual obligations which shareholders and others may not fully understand. Many of these are to Macquarie, which has been a constructive and supportive partner to Central when debt and equity funding, necessary to rebuild and advance the Company, were almost impossible to raise. Macquarie in its various roles has many intersections with an independent Central, all of which will need to be carefully managed if an independent Central is to survive.

If the Company remains independent, an Extraordinary General Meeting to determine the composition of the Board will have to be called. This will create uncertainty in both the gas market and the fundraising market. The matter of Board composition could easily have been deferred until the AGM, presently scheduled for October.

There are two competing proposals mooted. Both state support for the present management and its gas strategy. I have met only one of the proposed Directors (John Heugh – the former Managing Director of Central).

One of the critical ingredients of a company’s success is the degree of alignment between the Board and Management. Both these proposals totally overlook this matter and imply that, if they were successful, I would continue as Managing Director and CEO of the Company. I want to make it clear to the Board that I solely will determine whether I want to remain the Managing Director and CEO of Central. In determining my future I will take into account the uncertainty created by the unnecessary Section 249D notices and whether there is a likelihood, in my opinion, of further value enhancement of the Company, given the capital needs of the Company and the future complexities facing the Company.

In addition, I will take into account my ability to work with that board, the viability of the directors’ future strategies for the company, any conflicts of interest (perceived or actual) the proposed directors may present, and the probity of the new board members. If the Section 249D resolutions were successful in removing directors (who have worked so successfully and diligently in the interests of Central shareholders in ensuring survival of the Company after the oil price collapse and enfranchising shareholders on the issue of the Scheme of Arrangement) **I intend to resign from all roles at Central.**

Yours faithfully,



Richard Cottee  
Managing Director

# ATTACHMENT B – NOTICE OF POSTPONED SCHEME MEETING

Central Petroleum Limited ACN 083 254 308 (**Central**)

Notice is hereby given that, by an order of the Supreme Court of Queensland made on 31 May 2017, pursuant to subsection 411(1) of the Corporations Act, a meeting of Central Shareholders (other than the Excluded Shareholders) will be held at Christie Conference Centre, The Caribbean Room, Level 1, 320 Adelaide Street, Brisbane, QLD 4000 on Monday, 19 June 2017, commencing at 10.30am (AEST) (**Scheme Meeting**).

## PURPOSE OF THE MEETING

The purpose of the meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Central and Macquarie MPVD Pty Limited (**Macquarie MPVD**) agree) proposed to be made between Central and Central Shareholders (other than the Excluded Shareholders) (the **Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet dated 28 April 2017 and supplemented by the Supplementary Scheme Booklet dated 31 May 2017.

## SCHEME RESOLUTION

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution (the **Scheme Resolution**):

'That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Central Petroleum Limited and the holders of its ordinary shares (other than the Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet, is agreed to, with or without alterations or conditions as approved by the Supreme Court of Queensland to which Central Petroleum Limited and Macquarie MPVD Pty Limited agree.'

Note: The Excluded Shareholders are not eligible to vote their Central Shares at the Scheme Meeting.

## CHAIR

The Court has directed that Mr Robert Hubbard is to act as chair of the meeting (and that, if Mr Robert Hubbard is unable or unwilling to attend, Mr Wrixon Gasteen is to act as chair of the meeting) and has directed the chair to report the result of the Scheme Resolution to the Court.

Dated 31 May 2017

By order of the Court and the Central Board

sign here ▶



Company Secretary

print name **Joseph Morfea**

## **1. GENERAL**

This notice of meeting relates to the Scheme and should be read in conjunction with Central's Scheme Booklet dated 28 April 2017 (the **Scheme Booklet**) and the Supplementary Scheme Booklet dated 31 May 2017 of which this notice forms part. The Scheme Booklet and the Supplementary Scheme Booklet contain important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Attachment D of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in section 10.1 of the Scheme Booklet, unless the context otherwise requires.

## **2. CENTRAL BOARD RECOMMENDATION AND VOTING INTENTIONS**

As noted in the Scheme Booklet and the Supplementary Scheme Booklet, the Central Board unanimously recommends that Central Shareholders (other than the Excluded Shareholders) vote in favour of the Scheme Resolution and each member of the Central Board intends to vote in favour of the Scheme Resolution, in the absence of a Superior Proposal.

## **3. SHAREHOLDER APPROVAL**

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number of Central Shareholders (other than the Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate Central Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution (either in person or by proxy, attorney or, in the case of corporate Central Shareholders, body corporate representative).

## **4. COURT APPROVAL**

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is agreed to by the Requisite Majority and the Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived (if applicable) by the time required under the Scheme, Central intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

## **5. ENTITLEMENT TO VOTE**

The time for determining eligibility to vote at the Scheme Meeting is 10.30am (AEST) on Saturday, 17 June 2017. Only those Central Shareholders (other than the Excluded Shareholders) entered on the Central Share Register at that time will be entitled to attend and vote at the meeting, either in person, by proxy or attorney, or in the case of a corporate Central Shareholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to Central Shareholders entitled to attend and vote at the meeting. An Excluded Shareholder (as defined in the Scheme Booklet and also described in section 6 below) is not entitled to vote at the Scheme Meeting.

## **6. VOTING EXCLUSIONS**

Central will disregard any votes cast on the Scheme Resolution by an Excluded Shareholder, unless the vote is cast by such persons as proxy for a person who is entitled to vote, in accordance with the directions on their voting form.

## **7. HOW TO VOTE**

Central Shareholders that have already voted are entitled to change their vote by submitting a new Scheme Voting Form. Any Scheme Voting Forms that have previously been validly lodged prior to the date of the Supplementary Scheme Booklet will be deemed valid for the postponed Scheme Meeting unless revoked. If a new Scheme Voting Form is submitted it will be taken to revoke any previously submitted Scheme Voting Form.

Voting will be conducted by poll.

If you are a Central Shareholder entitled to vote at the meeting, you may vote by:

- attending and voting in person;
- appointing one or two proxies to attend and vote on your behalf, using the Scheme Voting Form that accompanied the Supplementary Scheme Booklet (which may be lodged online);
- appointing an attorney to attend and vote on your behalf, using a power of attorney;
- in the case of a body corporate, appointing a body corporate representative to attend the meeting and vote on your behalf, using a certificate of appointment of body corporate representative; or
- voting directly, using the Scheme Voting Form that accompanied the Supplementary Scheme Booklet (which may be lodged online).

## **8. ATTENDANCE**

If you or your proxies, attorneys or representative(s) plan to attend the meeting, please arrive at the venue at least 30 minutes before the scheduled time for commencement of the meeting, so that your shareholding can be checked against the Central Share Register, any power of attorney or certificate of appointment of body corporate representative verified, and your attendance noted.

## **9. JOINTLY HELD SECURITIES**

If you hold Central Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the meeting, only the vote of the holder whose name appears first on the Central Share Register will be counted.

See also the comments in paragraph 10.2 below regarding the appointment of a proxy by persons who jointly hold Central Shares.

## **10. VOTING**

### **10.1 Voting in person**

To vote in person, you must attend the meeting.

Eligible Central Shareholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.

### **10.2 Voting by proxy or voting directly**

#### **Appointing a proxy**

You may appoint one or two proxies by using the Scheme Voting Form. Your proxy need not be another Central Shareholder. Each proxy will have the right to vote on the poll and also to speak at the meeting.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Central Share Registry by 10.30am (AEST) on Monday, 19 June 2017 (or, if the meeting is adjourned or postponed, no later than the commencement of the reconvened or resumed meeting) in any of the three ways described in paragraphs 10.2(a), 10.2(b) or 10.2(c) below. A proxy is not revoked by the principal attending and taking part in the meeting, unless the principal actually votes at the meeting on the resolution for which the proxy was proposed to be used. If you wish to appoint a second proxy, a second voting form should be used and you should clearly indicate on the second voting form that it is a second proxy and not a revocation of your first proxy. You can obtain a second voting form from the Central Share Registry. Replacement voting forms can also be obtained from the Central Share Registry.

If you appoint two proxies, each proxy should be appointed to represent a specified proportion of your voting rights. If you do not specify the proportions in the voting forms, each proxy may exercise half of your votes with any fractions of votes disregarded.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after he or she has considered the matters discussed at the meeting.

If you do not direct your proxy how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit. If you instruct your proxy to abstain from voting on an item of business, he or she is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your voting form:

- without identifying a proxy on it, you will be taken to have appointed the chair of the meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the meeting, the chair of the meeting will act in place of your nominated proxy and vote in accordance with any directions on your voting form.

The chair of the meeting intends to vote all valid undirected proxies which nominate the chair in favour of the Scheme Resolution, in the absence of a Superior Proposal.

Proxies of eligible Central Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their name and address.

Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.

#### **Voting directly**

You may vote directly on the Scheme Resolution without attending the meeting or appointing a proxy by completing the Scheme Voting Form.

Your direct vote does not preclude you from attending in person. However, unless you advise the Central Share Registry otherwise, your attendance will have the effect of revoking your direct vote.



## Completing and returning the Scheme Voting Form

To appoint a proxy or to vote directly, you should complete and return the Scheme Voting Form that accompanied the Supplementary Scheme Booklet in accordance with the instructions on that form. You must deliver the signed and completed Scheme Voting Form to the Central Share Registry by 10.30am (AEST) on Saturday, 17 June 2017 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

a. **Online:**

- at [www.centralpetroleumscheme.com.au](http://www.centralpetroleumscheme.com.au) by following the instructions on the website; or
- for Intermediary Online subscribers (Institutions/Custodians) by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com)

b. **by post in the provided envelope to the Central Share Registry:**

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

c. **by fax to the Central Share Registry** on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Voting forms received after this time will be invalid.

If a voting form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed voting form unless the power of attorney or other authority has previously been noted by the Central Share Registry.

If you hold Central Shares jointly with one or more other persons, in order for your direct vote or proxy appointment to be valid, each of you must sign the voting form.

### 10.3 Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Central Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.

The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Central), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be lodged at the registration desk on the day of the meeting or with the Central Share Registry before 10.30am (AEST) on Saturday, 17 June 2017 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

a. **by post in the provided envelope to the Central Share Registry:**

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

b. **by fax to the Central Share Registry** on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Attorneys of eligible Central Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors.

Your appointment of an attorney does not preclude you from attending in person and voting at the meeting.

### 10.4 Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Central will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be obtained from the Central Share Registry by calling 1300 650 871 (within Australia) or +61 3 9415 4278 (outside Australia). The certificate of appointment may set out restrictions on the representative's powers.

The certificate should be lodged at the registration desk on the day of the meeting or with the Central Share Registry before 10.30am (AEST) on Saturday, 17 June 2017 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:

a. **by post in the provided envelope to the Central Share Registry:**

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

b. **by fax to the Central Share Registry** on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

If a certificate is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Central Share Registry.

Body corporate representatives of eligible Central Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors.

