



7 April 2015

## CENTRAL TRANSFORMATION TO STABILITY

### BOARD AND MANAGEMENT UPDATE

In his address to shareholders at the last Annual General Meeting the Chairman of Central Petroleum Limited (**ASX:CTP**) ("**Company**" or "**Central**"), foreshadowed his intention to stand down as Chairman around the end of this financial year. The Board of Directors has accepted the Nominations Committee's recommendation that Mr Robert Hubbard be appointed the Deputy Chairman of the Company as part of the Board's succession planning.

The Board of Directors has also accepted the Nominations Committee's recommendation that Mr Richard Cottee's contract as Chief Executive Officer be extended for 3 years from the expiry date of the agreement of his secondment from Freestone Energy Partners Pty Ltd ("**Freestone**"). Richard Cottee's role as Managing Director and Chief Executive Officer was made possible through a 3 year secondment agreement with Freestone. Under the extension Mr Cottee will become a direct employee of the Company.

The Board would like to acknowledge the valuable role Freestone played in the 2012 transformation of Central Petroleum.

Since that time, Andrew Leigh and Benjamin Shaw of Freestone have provided significant support to Central and have played an important role in the progress of Central's strategy. The Board of Directors of the Company express their appreciation to Freestone and look forward to their continuing involvement with the Company.

The Company has been further substantially transformed under the chairmanship of Mr Whittle and leadership of Mr Cottee following the turmoil of 2012. The Company has become focused on producing for the domestic gas market and the Northern Territory Eastern Gas Interconnect (NEGI) which The Australian<sup>1</sup> on 1 April 2015, page 5 reported Northern Territory Chief Minister Adam Giles statement that the "*gas pipeline connecting the Northern Territory to the east coast grid is now "almost certain" to be built, opening up massive potential development opportunities and expected cheaper domestic prices*". The Board has transitioned to one made up of the requisite diverse skill sets necessary to guide the Company through its growth stage.

"Andy's experience, calm and reasoned disposition has been an essential element in bringing the Company into the strong position it is in today and to the stability and renewal of its Board

to consolidate the future”, said Richard Cottee, Managing Director of Central. “His contribution has been invaluable.”

Since Richard Cottee assumed the role of Chief Executive Officer, Central has been able to enter into joint ventures with Santos and Total providing essential exploration funding to its vast acreage. The Surprise Oil Field was brought into production and Mt Kitty was drilled. The Company is now sustained by stable revenues from the Palm Valley and Dingo Gas Fields following the completion of the Dingo Field Development and Pipeline Project on time and under budget. Mr Cottee has been ably supported by his integrated management and technical team with the Company continuing to experience low turnover rates, indicating morale is high.

“Richard has been instrumental in transforming the company into a gas driven organisation with a Northern Territory focus and successfully moving us forward since he joined at what was a very difficult time for the company in mid-2012. The Board is proud to have a man with Richard’s drive and personality at the helm. I would like to personally acknowledge Richard’s many achievements and the Board looks forward to working with Richard into the future”, said Andy Whittle, Central’s Chairman.

A summary of the material terms of employment for Mr Cottee are attached to this announcement.

Footnote: 1 Aikman, A 2015, 'Billion-dollar pipeline to put Territory on the gas map' The Australian, 1 April, p.5, (The Nation).

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## Summary of material terms of employment for Richard Cottee

### 1. Term of Appointment

- a. (**Commencement Date**) Commencement on 30 June 2015.
- b. (**Term**) Employment continues until terminated or for three years, whichever occurs first.

### 2. Remuneration

- a. (**Base salary**) Base salary of \$574,162 per employment year to be paid in equal monthly instalments on the 15th day of each month (excludes fringe benefits tax, statutory superannuation guarantee payments, bonuses, allowances, expenses, and insurances and includes current director fees of \$70,000 plus superannuation on that amount. The Base Salary is reviewable annually.
- b. (**Total Remuneration**) Total remuneration of \$592,945 per employment year, comprising of the Base Salary and \$18,783 superannuation.

### 3. Short Term Incentive Plan (STIP) and Long Term Incentive Plan (LTIP)

- a. Subject to Mr Cottee being in employment on the Commencement Date and any required shareholder approval, Mr Cottee will be eligible to participate in the Company's STIP and LTIP in accordance with the rules of the plans, as amended from time-to-time.
- b. The STIP allows for the payment of a cash bonus, as determined by the Board based on the satisfaction of Key Performance Indicators (KPIs), equivalent in value of up to 10% of the Base Salary for financial year 2015. The percentage value of Base Salary may change for future financial years.
- c. In respect of the LTIP:
  - (i) the LTIP for financial year 2015 allows for the grant of Share Rights in accordance with the LTIP and Employee Rights Plan Rules based on the satisfaction of KPIs, equivalent in value of up to 50% of Base Salary. The percentage value of Base Salary may change for future financial years;
  - (ii) the grant of Share Rights are subject to the passing of a resolution at the next general meeting of the Company's shareholders for the grant of the Share Rights to Mr Cottee.
- d. Calculation of Mr Cottee's entitlements for the financial year 2015 under the STIP and LTIP will be on a pro rata basis for the bonus year commencing on and from 7 April 2015.

### 4. Termination

- a. Mr Cottee may terminate the employment upon providing 6 months' notice.
- b. The Company may terminate Mr Cottee's employment:

- (i) at its reasonable discretion for cause (including, but not limited to, gross misconduct, serious or persistent breach, refusal or neglect to comply with any lawful and reasonable direction or order of the Board or other circumstances justifying termination, in certain cases a cure period is provided);
  - (ii) by providing 1 months' notice, if Mr Cottee is or becomes incapacitated by reason of any illness or injury of any kind which prevents Mr Cottee from performing his duties for a period of 2 months (consecutive or in the aggregate) in any 12 month period; or
  - (iii) upon providing 6 months' notice.
- c. Notice periods may be waived and paid in lieu at the sole discretion of the Board of the Company.

## **5. Restraint**

Subject to the consent of the Company (not to be unreasonably withheld), Mr Cottee will be restrained for up to 3 months after any termination of his employment by the Company from competing with any business carried on by the Company; soliciting, interfering with or endeavour to entice away any employee of the Company (or counsel, procure or otherwise assist any person to do the same); or canvassing, soliciting or endeavouring to entice away from the Company any person who is a client or customer of or supplier to the Company or in the habit of dealing with the Company (or counsel, procure or otherwise assist any person to do the same). The forgoing includes the Company's Related Bodies Corporate.