Interim Financial Report

Half-year ended 31 December

2015

Central Petroleum Limited
ABN 72 083 254 308

CONTENTS

31 December 2015

Directors' Report

31 December 2015

The Directors present their report on the consolidated entity consisting of Central Petroleum Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

Directors

The names of the Directors of the parent company in office during the half-year and until the date of this report are:

Robert Hubbard
Richard I Cottee
Wrixon F Gasteen
J Thomas Wilson
Peter S Moore
Andrew P Whittle (resigned 2 November 2015)

Directors have held office for the period and until the date of this report unless otherwise stated.

Principal Activity

The principal continuing activity of the consolidated entity ("the Group") during the period was the exploration, development and production of hydrocarbons.

Highlights for the half-year reporting period and up to the date of this report

- Central completes 50% acquisition of Mereenie oil and gas field and assumes operatorship effective 1 September 2015
- Dingo Gas Field commenced deliveries of gas into the Owen Springs Power Station.
- Pressure and flow data has been gathered as part of the Mereenie reserve upgrade programme.
- Stage 1 of Mereenie reserves upgrades and certification announced with results showing a 240% increase in Proved Reserves.
- Development of the North East Gas Interconnector ("NEGI" or otherwise to be known as the Northern Gas Pipeline (NGP)) progressed with the NT Government's announcement that Jemena Northern Gas Pipeline Pty Ltd had been selected to construct and operate the pipeline with size to be selected in April 2016.
- Capital Raising to support NEGI reserves certification embarked upon with a Share Placement raising $10.5 million gross in November 2015 and a Share Purchase Plan raising an additional $1.7 million gross in December 2015.
- New corporate website launched incorporating new corporate logo

Commentary and Outlook

On 17 November 2015 the Northern Territory Chief Minister, Adam Giles, announced the unconditional award of the North East Gas Interconnector ("NEGI") to Jemena Northern Gas Pipeline Pty Ltd to transport gas to supply Incitec Pivot Limited's ("IPL") Phosphate Hill (Duchess) mine near Mt Isa and the Final Investment Decision ("FID") has occurred. The NGP will be either a 12" or 14" line with an initial capacity of approximately 100 TJ/day (36.5 PJ p.a.) or 150 TJ/day (55 PJ p.a.). The NGP is expected to be able to flow gas in calendar year 2018.

The Northern Territory Power and Water Corporation has contracted to supply 30 TJ/day (11.4 PJ p.a.) for transportation through the NGP, leaving a minimum spare capacity of around 70 TJ/day (25 PJ p.a.) to be contracted prior to commissioning in 2018.

This allows the Amadeus Basin gas producers nearly two years in which to prove up and contract reserves with certainty in advance of the NGP completion. This means our pathway to market will be built independent of any actions by the Amadeus Basin producers, including Central Petroleum Limited.

Originally Central budgeted for a reserve upgrade programme which would have provided sufficient results by mid this year to enable NEGI to go FID. This target required relatively expensive external resources with the possibility of appraisal drilling at Mereenie by that time. The continued softening of the crude oil price over summer has had two impacts on this company:

1. 30% of our revenues are attributable to crude oil sales from Mereenie; and
2. the market sentiment towards even domestic gas producers remain weak.

With the NGP FID now been taken Central intends to reorganise its development programme to more efficiently fund any appraisal drilling on the Stairway and P4 Formation at Mereenie and to wait until the Company has secured an economic pathway to market.

As a result the reserve upgrade programme will now be in three stages. Stage 1, which has been completed and awaiting certification, is the review of all existing data from Mereenie including nearly 60 wells already drilled and selected wire-line pressure and flow testing at Mereenie and the building and history matching of a static and dynamic model of the gas reservoir at Mereenie.

This has been completed at a cost of $4 million and has allowed us to go to market for long term gas supply contracts into the NT or the east coast. As new sales are secured, new funding capacity is made available for future reserve programme activity.

Subject to Mereenie JV approval, Stage 2 consists of refining and optimising of Stage 1, including possibly production testing. This should increase further the reserves available for contracting. In addition, production results at Dingo will be incorporated.

Stage 3 (again subject to JV approval) will consist of appraisal drilling and production testing on the Stairway Formation generally with a target of doubling the Stage 2 reserves at Mereenie. Successful completion of the Stage 3 reserves plus reserve upgrades at Palm Valley and Dingo would result in future sales to Central (including deliveries under existing contracts) of around 250 PJ.

By advancing our reserve upgrade programme in stages, to take advantage of the optionality resulting from the now committed NGP, we can substantially reduce the overall costs of the programme by utilising internal resources (as opposed to external). We can better tailor the timing of the programme to our financial advantage without affecting the timing of the actual cash flow from sales from 2018.

As a result of the above (combined with the fact that we are in advance of our permit obligations) the Company has decided to reallocate the resources of the exploration department to the reserve growth and development of Mereenie, Palm Valley and Dingo

Over the last two years the Group has deliberately moved towards the domestic gas markets which remain robust with the recent Gas Statement of Opportunity released by the Australian Energy Market Operator ("AEMC") warning that developed gas reserves in eastern and south-eastern Australia can only meet forecast demand until 2018. The NGP will deliver gas from 2018.

The collapse in international crude oil prices, which has buffeted the industry, has affected Central's crude oil revenue stream (which accounts for less than a third of total sales revenue). The Group will consider further cost saving measures in order to maximise cash reserves to ensure we have sufficient time to enter into favourable gas sales agreements than otherwise.

Review of Operations and other Joint Venture Activities

Mereenie Oil and Gas Field (OL4 and OL5) – Northern Territory
(CTP-50% interest [Operator], Santos-50% interest))

During the half year:

- Central acquired a 50% interest and assume operatorship of the Mereenie oil and gas fields effective 1 September 2015.
- Stage 1 of Mereenie reserves upgrades and certification announced with results showing a 240% increase in Proved Reserves.
- Field development scenarios have been scoped, cost estimated and economically evaluated to provide the basis for strategic commercial decisions.
- Central renegotiated several service contracts to reduce operating costs at Mereenie crude transport, catering, mechanical and process fabrication.
- Extensive well testing allowed optimization of oil production, reversing previously forecast decline.
- Central as operator conducted a variety of pressure readings in various reservoirs, including flow and build up tests in Crestal Pacoota P1 and P3 to support reserve updates. The work was completed safely, on time and under budget.

A successful field campaign concluded in late 2015, in which producing and injecting wells were tested to gather pressure and flow data in the Pacoota and Stairway reservoirs. Data from the Pacoota reservoirs has increased certainty of gas deliverability and resources, which is anticipated to provide a reserves upgrade.

A large amount of gas exists in the overlying Stairway Sandstone, from which production of oil and gas has been established in two wells. The recent pressure and flow measurements, plus petrophysical review and core studies are being utilised to build new reservoir and geomechanical models. The objective is to develop or apply technology to produce this “tight” gas from existing and new wells.

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

The Dingo Pipeline, some 50km in length, was completed on schedule and under budget. The gas plant, a low temperature separation process, was likewise completed on time and under budget. The Dingo gas field is remotely operated from Brewer Estate on the outskirts of Alice Springs. Employees are based in Alice Springs thus greatly reducing the need for expensive Fly-In Fly-Out (“FIFO”) operations. This ensures that the local community gains the maximum benefits from Central’s operations thus garnering local community support whilst substantially lessening our production costs.

The Owen Springs Power Station (OSPS) commissioned their fuel system and began receiving Dingo gas into the OSPS.

The Dingo field currently has a production capacity of 2 PJ per annum and can be increased as the market increases.

With the delivery of gas from Dingo, Palm Valley has been placed in 24 hour standby awaiting further gas contracts. This reduces operating costs while maintaining the operational capacity of the field.

Dingo Well 2 – Surface Facilities

Dingo Pipeline Right of Way; Looking South towards Brewer Estate

Figure 6: Brewer Estate City Gate Gas Plant being commissioned in March 2015

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

633,200 GJ of "early delivery" gas was supplied into the Dingo contract, this consisted of some line pack draw down and all of Palm Valley's 930,595GJ produced during the half year.

Surprise Production Licence (L6) – Northern Territory
(CTP - 100% Interest)

Surprise West was shut-in early in the financial year and has remained temporarily shut-in to gather pressure data to assess the re-charge potential of the field. Should oil prices recover significantly, production can re-commence after assessing the pressure build-up.

Exploration Review

EXPLORATION ACTIVITIES:
ATP909, ATP911 and ATP912, Southern Georgina Basin – Queensland
(Joint Venture between CTP - 90% interest [Operator] and Total – 10% interest [earning])

The Operator continues to integrate data pertaining to unconventional and conventional targets. Thermal maturation studies are complete, providing improved insight of more prospective areas. Isotopic analysis of core and chip samples from joint venture and legacy wells has been successful in defining stratigraphic relationships, from which facies models and distributions are targeted. Wireline log data are being further analyzed to improve understanding of reservoir and other properties.

The exploration targets in the joint venture's permits include;

1. Shale and tight gas reservoirs within the Lower Arthur Creek Fm, as targeted by Gaudi 1, and

2. A potential structurally controlled Hydrothermal Dolomite (HTD) play which has global analogues

Central as Operator is considering various options to progress evaluation of these plays, and also to assess the possible nature and extent of conventional targets.

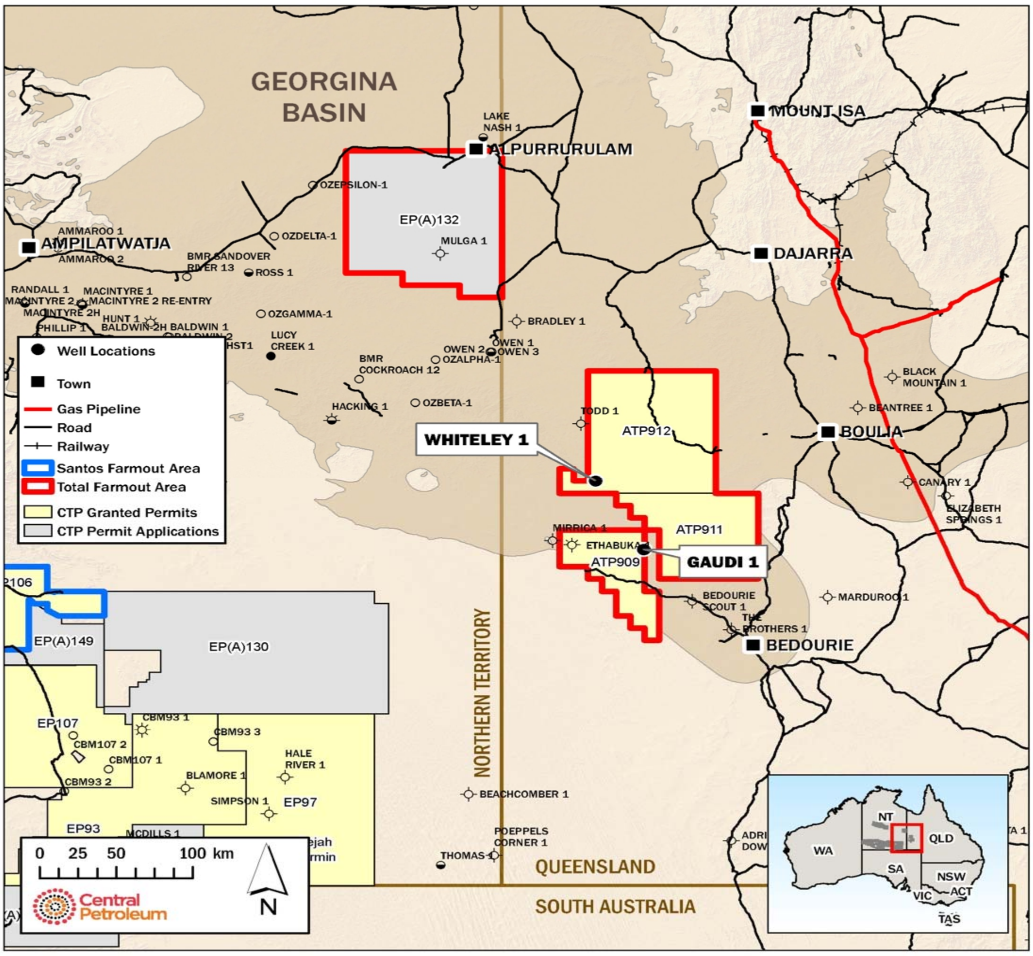

Figure 2: Location of Whiteley-1 and Gaudi-1

Santos Stage 2 Farmout – Southern Amadeus Basin, Northern Territory

The Operator (Santos) has progressed analysis of integrated seismic, gravity, and historic well data towards selection of line locations for Stage 2 in which 1,300 km 2D seismic data is programmed. Recording is anticipated mid year. Central is encouraged by the improved seismic acquisition parameters drafted for the Stage 2 program, which will undergo field-testing and verification.

Central is actively reviewing data in these permits, seeking to upgrade a diversity of exploration play types and targets, which could be prospective for hydrocarbons and/or helium.

Southern Amadeus Area	Total Santos Participating Interest after completion of Stage 1	Total Santos Participating Interest after completion of Stage 2
EP82 (excluding EP82 Sub-Blocks)	25%	40% (i.e. additional 15% earned)
EP105	25%	40% (i.e. additional 15% earned)
EP106	25%	40% (i.e. additional 15% earned)
EP112	25%	40% (i.e. additional 15% earned)

EP 125 – Southern Amadeus Basin, Northern Territory
(CTP-30% interest, Santos [Operator]-70% interest)

Mt Kitty 1 Exploration Well
(Central was free carried for this well under the Santos farm-in arrangements)

No activity reported by the Operator.

The joint venture's exploration endeavours in this and surrounding permits will focus on maturing large sub-salt leads to drillable status by acquiring further seismic in Stage 2. The primary reservoir objective is the Heavitree Quartzite. Secondary reservoir objectives in the Neoproterozoic succession include the Areyonga Fm and Pioneer Sst which is gas productive in the sub-commercial Ooraminna field.

EP 115 (includes EP115 North West Mereenie Block (NMB)), Northern Territory

Gravity data acquired in 2014 has been processed and interpreted, providing vastly improved definition of structural trends. A review of the integrated data is underway to prioritise the inventory of leads and select seismic lines for reprocessing. Play types and leads are being developed for the under-explored section underlying the proven Larapintine system, which is believed prospective for gas.

Palm Valley Exploration (OL3), Northern Territory

The Palm Valley Deep prospect has a primary objective of the Arumbera Sandstone, which lies beneath the producing gas field reservoired in fractured Pacoota and Stairway formation sandstones. The basal Arumbera Sst is an established gas bearing reservoir in the Dingo gas field located some 100 km to the east of Palm Valley.

Ooraminna Exploration (RL3 and RL4), Northern Territory
Desk-top studies have improved insight into the reservoir parameters of the Pioneer Sandstone which flowed gas, and underlying Areyonga Sandstone which is a promising deeper objectives and secondary target. Further data acquisition and seismic reprocessing would be required to locate an anticipated more fractured location.

EP 82 Sub-Blocks - Dingo Satellite Area (DSA) - Exploration (L7 and DSA excised from EP82), Northern Territory

Depth conversion of Dingo field and area has assisted in planning of future seismic reprocessing and acquisition.

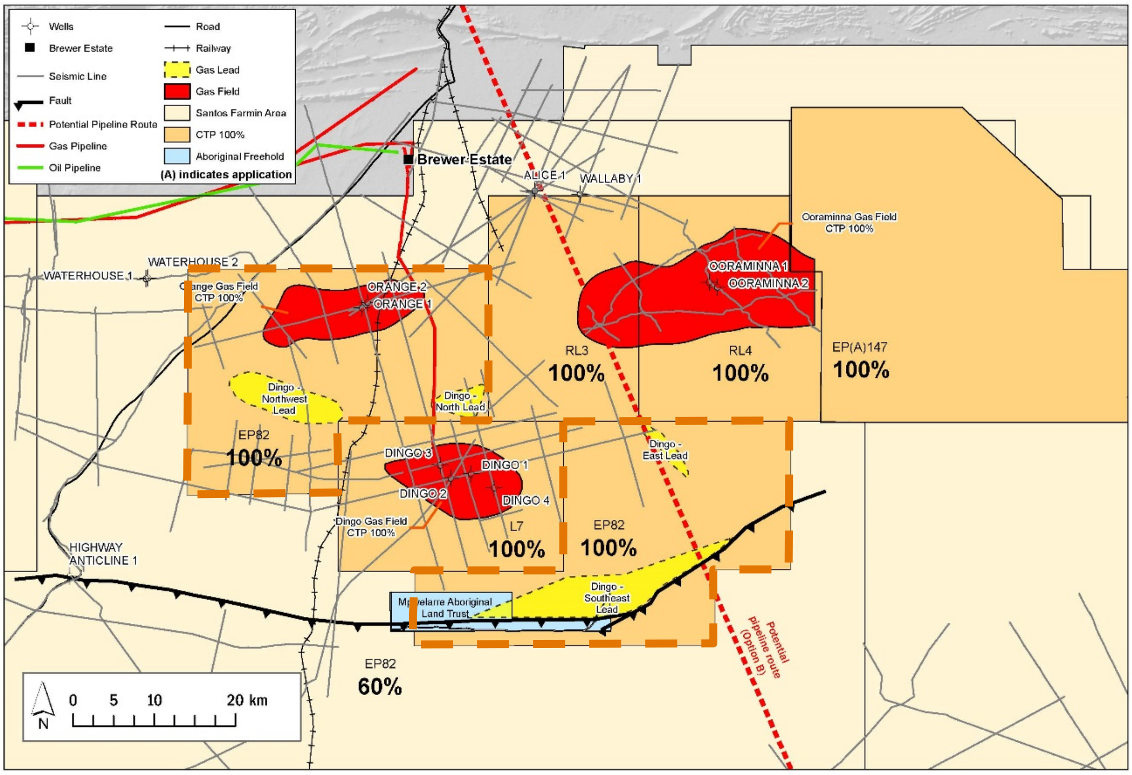

Figure 3: Location of Dingo (L7) licenses area, and blocks excised from EP82 (EP 82 Sub-Blocks).

Other Exploration Areas

No significant developments occurred in the Company's Pedirka Basin areas during the reporting period.

Application Areas

Central continues to work with stakeholders and progress discussions pertaining to grant of application areas.

Desktop studies of existing data have progressed.

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.

Over the past year, Central has substantially increased operating activities, notably in the production and sale of oil and gas. Central's operations have a significantly different risk profile compared to exploration. Central's key operating risks include changes in operating costs, changes in capital maintenance and replacement costs, plant availability and sub-surface extraction. In addition, Central is exposed to changes in $A commodity prices with respect to crude oil sales which are benchmarked against $US international markets. The majority of Central's revenues, however, are generated by gas sales which effectively mitigates $A commodity price risk through the use of long-term, $A fixed price gas sales agreements with credit worthy customers.

Business Strategy

Whilst Central has historically been a pure oil and gas exploration company, over the past 2 years Central has developed and successfully pursued a strategy to gain critical mass in conventional gas production, including contracted gas sales and uncontracted gas reserves. This strategy first crystallised through the acquisition of the Palm Valley and Dingo gas fields from Magellan in April 2014, marking Central's entry into commercial gas production.

Central's business strategy was bolstered significantly on 1 September 2015 when Central completed the acquisition of 50 percent of the Mereenie oil and gas field from Santos and became Operator for the Joint Venture. The past 18 months have been a period of business strategy implementation making Central a substantive domestic gas producer, with approximately 11 TJ/d contracted sales equity accounted and growing uncontracted gas reserves from proven fields.

With Mereenie, Palm Valley and Dingo fields under our common Operatorship, Central is now in a unique position to participate (and actively support) the North East Gas Interconnect (NEGI) pipeline connecting the Northern Territory to the eastern seaboard. This project is driven by clear fundamentals of a domestic gas shortfall on the East Coast and underexplored on-shore gas potential in the Northern Territory. In linking supply and demand, Central's sound business strategy of acquiring gas assets and uncontracted reserves in advance of the NEGI pipeline has positioned it to be a direct and substantive beneficiary.

Whilst the implementation of Central's Business Strategy has been relatively swift, the aggressive and sustained downturn in oil prices has served to justify our transition into gas starting 2 years ago. The acquisition of Palm Valley, Dingo and now Mereenie have all been based on existing gas contracts which are structured as long-term fixed price, CPI escalation. This provides a solid revenue stream going forward to cover Central's operating activities and debt financing arrangements secured on long term gas contracts that are not affected by oil price or currency movements and therefore largely unaffected by turmoil in international oil or LNG markets.

Creating a market for our gas should materially re-rate our significant under explored permits throughout the Amadeus, Southern Georgina, Pedirka and Wiso Basins in Central Australia. Going forward, our portfolio now allows Central to generate critical free cash flow after debt service which can be applied towards high growth and value adding activities, notably initially targeting growing high value conventional gas reserves throughout our various exploration permits.

Key Financial and Operating Data (Segment Reporting)

Central derives its revenues and profits from its producing assets segment; specifically the production and sales of natural gas from Palm Valley and Dingo, and natural gas and crude oil from Mereenie (since 1 September 2015).

Central continues to explore for hydrocarbons which are reported in the exploration segment.

The Group recorded $12.3 million of operating revenue for the period compared to $6.3 for the previous corresponding period and a gross profit of $5.4 million for the half-year ended December 2015, compared to a gross profit of $0.5 million for the previous corresponding period. The increase reflects the contribution from the acquisition of a 50% interest in the Mereenie oil and gas field acquired on 1 September 2015 as well as increased production from the Palm Valley gas field compared to the prior period. Production from the Surprise oil field was suspended during the period.

A summary of consolidated revenues and results for the half-year by significant industry segments is set out below:

	Segment Revenues		Segment EBITDAX[1]		Segment Results	
Financial Data	31 Dec 15 $	31 Dec 14 $	31 Dec 15 $	31 Dec 14 $	31 Dec 15 $	31 Dec 14 $
Producing Assets	12,292,377	6,332,972	5,373,556	477,718	(3,134,578)	(5,624,085)
Development Assets	-	-	-	-	-	-
Exploration Assets	-	-	(17,642)	-	(606,200)	(7,065,609)
Unallocated Items		-	(3,967,336)	(3,911,265)	(4,310,254)	(5,700,692)
Total Segment	12,292,377	6,332,972	1,388,578	(3,433,547)	(8,051,032)	(18,390,386)

Production Data[2]	31 Dec 15	31 Dec 14
Surprise Oil Field (bbls)	1,939	32,569
Dingo Gas Field (GJs)	30,806	-
Palm Valley Gas Field (GJs)	930,569	642,801
Mereenie Gas Field (GJs)	452,694	-
Mereenie Oil (bbls)	41,626	-

[1]*Earnings before Interest, tax, depreciation, amortisation, impairment and exploration expense*
[2]*Production shown is on a net Joint venture participating interest basis*

Segment Results

Segment EBITDAX are earnings before interest, tax depreciation, amortisation, impairment and exploration. EBITDAX is used by management as an indicative measure of underlying cash profit from operations as it excludes non-cash items and the costs of finance. It should be noted however that share based payments (2015: $1,247,729; 2014: $1,306,821) are not excluded from the unallocated items in the tables above but are also non-cash items.

Segment results are earnings after tax, which is the measure of segment result that is reported to the executive management team to assess the performance of the operating segments against total reported accounting profit.

EBITDAX from the Producing Assets segment increased from $0.5 million to $5.4 million, period on period. At the same time, and despite a significant increase in operations, unallocated general and administrative costs remained relatively steady. The Group maintained its focus on responsible cost management during the period despite the additional burden of the initial costs of transitioning to operatorship of the Mereenie joint venture.

Gas revenue accounted for 80.7% of total revenue for the period, reflecting the transformation of the Group into a gas focussed producer and also a fall in crude oil prices. During the prior corresponding period gas revenue accounted for just 47.2% of total revenue. Realised average oil prices dropped from $102 per barrel in the six months to December 2014 to $59 per barrel for the current interim reporting period, reflecting the fall in world crude oil prices.

Other

An additional $41.3 million of funds were borrowed from Macquarie Bank during the period to fund the Mereenie acquisition and completion of the Dingo project.

A share placement and share purchase plan resulted in additional equity funds of $12.2 million. In December 2015 the Group made a $1.0 million principal repayment on its expanded debt facility with Macquarie Bank along with a $3.1 million interest payment, all funded from cashflow generated from operations.

Auditor’s Independence Declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

This report is made in accordance with a resolution of directors.

Richard Cottee
Managing Director

15 March 2016

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To the maximum extent permitted by law:

1. This document does not constitute an offer to sell, or the solicitation of an offer to buy, securities in Central Petroleum Ltd (“Company”).
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AUDITOR'S DECLARATION OF INDEPENDENCE

31 December 2015

pwc

Auditor's Independence Declaration

As lead auditor for the review of Central Petroleum Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

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

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
15 March 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

	Notes	**2015** **$**	2014 $
Operating revenue		12,292,377	6,332,972
Cost of sales		(6,918,821)	(5,855,254)
Gross profit		5,373,556	477,718
Other income	5	94,162	119,862
Share based employment benefits		(1,247,729)	(1,306,821)
General and administrative expenses		(651,305)	(279,141)
Depreciation and amortisation		(3,927,202)	(1,344,711)
Employee benefits and associated costs		(2,180,106)	(2,445,165)
Exploration expenditure		(1,231,205)	(6,236,809)
Finance costs		(4,244,158)	(1,589,287)
Impairment expense	4	(37,045)	(5,786,032)
Loss before income tax	4	(8,051,032)	(18,390,386)
Income tax credit		-	-
Loss for the half-year		(8,051,032)	(18,390,386)
Other comprehensive loss for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		(8,051,032)	(18,390,386)
Total comprehensive loss attributable to members of the parent entity		(8,051,032)	(18,390,386)

Earnings per share

Basic and diluted loss per share (cents)		(2.10)	(5.13)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Notes	31 Dec 2015 $	30 Jun 2015 $
ASSETS			
Current assets			
Cash and cash equivalents		16,256,747	3,516,139
Trade and other receivables		7,971,165	5,869,332
Inventories		3,444,027	2,136,673
Assets held for sale	6	1,400,000	1,755,736
Total current assets		29,071,939	13,277,880
Non-current assets			
Property, plant and equipment	7	116,064,828	58,577,415
Exploration assets		8,898,767	8,898,767
Intangible assets		12,903	12,052
Other financial assets		2,102,300	2,075,733
Goodwill		3,906,270	3,906,270
Total non-current assets		130,985,068	73,470,237
Total assets		**160,057,007**	**86,748,117**
LIABILITIES			
Current liabilities			
Trade and other payables		19,903,271	7,707,897
Deferred revenue		2,714,334	-
Interest-bearing liabilities	8	3,880,017	7,921,129
Provisions	9	2,642,616	2,060,330
Total current liabilities		29,140,238	17,689,356
Non-current liabilities			
Deferred revenue		1,253,074	-
Interest-bearing liabilities	8	83,684,262	39,536,722
Provisions	9	17,453,732	6,375,539
Total non-current liabilities		102,391,068	45,912,261
Total liabilities		131,531,306	63,601,617
Net assets		**28,525,701**	**23,146,500**
EQUITY			
Contributed equity	10	172,308,178	160,785,182
Reserves	10	18,602,616	16,695,379
Accumulated losses		(162,385,093)	(154,334,061)
Total equity		**28,525,701**	**23,146,500**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Notes	Contributed Equity	Option Reserve	Accumulated Losses	Total
		Attributable to owners of Central Petroleum Limited			
		$	**$**	**$**	**$**
Balance at 1 July 2014		**155,223,040**	**14,448,696**	**(126,603,023)**	**43,068,713**
Loss for the half-year		-	-	(18,390,386)	(18,390,386)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the half-year		-	-	(18,390,386)	(18,390,386)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs		-	-	-	-
Share based payments		-	1,306,821	-	1,306,821
Share and option issue		6,000,000	-	-	6,000,000
Share issue costs		(437,858)	-	-	(437,858)
		5,562,142	1,306,821	-	6,868,963
Balance at 31 December 2014		**160,785,182**	**15,755,517**	**(144,993,409)**	**31,547,290**
Balance at 1 July 2015		**160,785,182**	**16,695,379**	**(154,334,061)**	**23,146,500**
Loss for the half-year		-	-	(8,051,032)	(8,051,032)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the half-year		-	-	(8,051,032)	(8,051,032)
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs					
Share based payments		-	1,247,729	-	1,247,729
Share and option issue		12,250,990	659,508	-	12,910,498
Share issue costs		(727,994)	-	-	(727,994)
		11,522,996	1,907,237	-	13,430,233
Balance at 31 December 2015		**172,308,178**	**18,602,616**	**(162,385,093)**	**28,525,701**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2015

	2015 $	2014 $
Cash flows from operating activities		
Receipts from customers	11,207,672	6,803,211
Interest received	73,667	106,636
Other income received	-	134,406
Interest and borrowing costs	(3,804,636)	(180,000)
Proceeds from research and development refund	4,072,557	-
Payments to suppliers and employees (inclusive of GST)	(14,351,840)	(14,108,627)
Settlement of legal case	-	(598,298)
Net cash (outflow)/inflow from operating activities	(2,802,580)	(7,842,672)
Cash flows from investing activities		
Payments for interest in Mereenie assets	(35,397,996)	-
Payments for property, plant and equipment	(1,257,495)	(14,482,371)
Payment for interest bearing security bonds	(17,161)	(47,439)
Proceeds from the sale of property	354,305	-
Security deposits received	200,000	-
Net cash outflow from investing activities	(36,118,347)	(14,529,810)
Cash flow from financing activities		
Proceeds from contributed equity	12,250,990	5,562,142
Proceeds from borrowings	41,300,000	12,000,000
Repayment of borrowings	(1,294,372)	(50,282)
Payments for capital raising costs	(595,083)	-
Net cash inflow from financing activities	51,661,535	17,511,860
Net increase/(decrease) in cash and cash equivalents	**12,740,608**	**(4,860,622)**
Cash and cash equivalents at the beginning of the half-year	**3,516,139**	**10,330,474**
Cash and cash equivalents at the end of the half-year	**16,256,747**	**5,469,852**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

1. Basis of Preparation of Half-Year Report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Central Petroleum Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

(a) Going Concern

The interim financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the period ended 31 December 2015, Central Petroleum Limited ("Central") incurred a loss of $8,051,032 and had a cash outflow from operating activities of $2,802,580. These results are consistent with the Group's exploration, appraisal, development and production activities, including the effects of the business completing an acquisition of a 50% interest in the Mereenie oil and gas field effective from 1 September 2015.

At 31 December 2015 the Group held cash of $16,256,747 and has net assets of $28,525,701. During the period ended 31 December 2015, the Group has been able to continue to meet working capital requirements as a result of a $12.2 million capital raising that took place during the period and improved cash flows from operations.

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 assessed that they have the ability to defer the timing of Joint Venture related accrued liabilities until such a point that sufficient capital is available.

Over the next 12 months, additional funds will be required as existing cash balances, combined with expected cash inflows from the Group's production operations, are not expected to be sufficient by themselves to fund the remaining Mereenie acquisition commitments, including the remaining free-carry work program for Santos and the deferred consideration.

The Company has a number of avenues which it is pursuing, both equity and debt as well as prepayment of gas sales. The equity options presently being actively pursued include discussions on potential joint ventures and foundation shareholding. The debt options include supportable debt generated by new gas sales agreements ("GSA's") either within the Northern Territory or utilising the Northern Gas Pipeline ("NGP" - formerly called "NEGI") or utilising the undrawn portion of the existing debt facility with Macquarie Bank Ltd. In addition, discretionary exploration has been put on hold and no unfunded exploration expenditure is anticipated.

If additional funding does not materialise at the appropriate time and for the appropriate amounts then there is a material uncertainty that may cast significant doubt on whether the Group will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The Directors believe that the Group will be successful in sourcing funds when required and will meet its debts and commitments as they fall due and, accordingly, have prepared the interim financial report 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 recorded in the interim financial report at 31 December 2015. Accordingly, no adjustments have been made to the interim 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.

1. Basis of Preparation of Half-Year Report *(continued)*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

(b) New and Amended Standards Adopted by the Group

In the current period, the Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2015. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies.

(c) Impact of Standards Issued but not yet applied by the Entity

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. The Group has 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.

(i) AASB 15 Revenue from contracts with customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements. The group will make more detailed assessments of the impact over the next twelve months. The group does not expect to adopt the new standard before 1 July 2017.

(ii) AASB 9 Financial Instruments

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model. The standard is not applicable until 1 January 2018 but is available for early adoption.

Whilst the group has not yet undertaken a detailed assessment of the changes it does not currently expect any impact from the new classification, measurement and derecognition rules on the group's financial assets and financial liabilities. The Group does not currently enter into any hedge transactions and will not be affected by the new rules. The new impairment model is an expected credit loss (ECL) model which is not expected to have any impact on the group.

(d) Joint arrangements

The Group's investments in joint arrangements are classified as either joint operations or joint ventures; depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

The Group's exploration and production activities are conducted through joint arrangements governed by joint operating agreements or similar contractual relationships.

A joint operation involves the joint control, and often the joint ownership, of one or more assets contributed to, or acquired for the purpose of, the joint operation and dedicated to the purposes of the joint operation. The assets are used to obtain benefits for the parties to the joint operation. Each party may take a share of the output from the assets and each bears an agreed share of expenses incurred. Each party has control over its share of future economic benefits through its share of the joint operation. The interests of the Group in joint operations are brought to account by recognising in the financial statements the Group's share of jointly controlled assets, share of expenses and liabilities incurred, and the income from the sale or use of its share of the production of the joint operation in accordance with the revenue policy in note 1(d).

2. Significant Changes in the Current Reporting Period

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

The financial position and performance of the group was particularly affected by the following events and transactions during the half-year ended 31 December 2015:

- Acquisition of a 50% interest in, and operatorship of, the Mereenie oil and gas operations
- A significant increase in revenue, gross profit and operating cashflow as a result of the acquisition of a 50% interest in the Mereenie oil and gas field effective from 1 September 2015
- Additional borrowings primarily used to fund the Mereenie acquisition
- Equity raisings of $12 million
- A higher than normal interest repayment on the Macquarie debt facility on 31 December 2015 due to previously deferred interest repayments

For a detailed discussion about the group's performance and financial position please refer to our review of operations on pages 9 to 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

3. 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.

(a) Gas and Oil Producing Assets

The production and sale of natural gas and crude oil.

(b) Development Assets

The development of oil and gas fields.

(c) Exploration Assets

The exploration and evaluation of permit areas.

(d) 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.

(e) 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 31 Dec 2015 $	Development Assets 31 Dec 2015 $	Exploration Assets 31 Dec 2015 $	Unallocated Items 31 Dec 2015 $	Consolidated 31 Dec 2015 $
Revenue	12,292,377	-	-	-	12,292,377
Cost of sales	(6,918,821)	-	-	-	(6,918,821)
Gross profit	**5,373,556**	**-**	**-**	**-**	**5,373,556**
Other income	-	-	-	94,162	94,162
Share based employment benefits	-	-	-	(1,247,729)	(1,247,729)
General and administrative expenses	-	-	(17,642)	(633,663)	(651,305)
Employee benefits and associated costs	-	-	-	(2,180,106)	(2,180,106)
EBITDAX[1]	**5,373,556**	**-**	**(17,642)**	**(3,967,336)**	**1,388,578**
Depreciation and amortisation	(3,813,266)	-	(10,859)	(103,077)	(3,927,202)
Exploration expenditure	(656,440)	-	(574,765)	-	(1,231,205)
Finance costs	(4,001,383)	-	(2,934)	(239,841)	(4,244,158)
Impairment expense	(37,045)	-	-	-	(37,045)
Profit/(loss) before income tax	**(3,134,578)**	**-**	**(606,200)**	**(4,310,254)**	**(8,051,032)**
Taxes	-	-	-	-	-
Profit / (Loss) for the period	**(3,134,578)**	**-**	**(606,200)**	**(4,310,254)**	**(8,051,032)**

[1]*Earnings before interest, tax, depreciation, amortisation, impairment and exploration expense*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

3. Segment Reporting *(continued)*

	Producing Assets 2014 $	Development Assets 2014 $	Exploration Assets 2014 $	Unallocated Items 2014 $	Consolidated 2014 $
Revenue	6,332,972	-	-	-	6,332,972
Cost of sales	(5,855,254)	-	-	-	(5,855,254)
Gross profit	**477,718**	**-**	**-**	**-**	**477,718**
Other income	-	-	-	119,862	119,862
Share based employment benefits	-	-	-	(1,306,821)	(1,306,821)
General and administrative expenses	-	-	-	(279,141)	(279,141)
Employee benefits and associated costs	-	-	-	(2,445,165)	(2,445,165)
EBITDAX	**477,718**	**-**	**-**	**(3,911,265)**	**(3,433,547)**
Depreciation and amortisation	(1,184,571)	-	-	(160,140)	(1,344,711)
Exploration expenditure	-	-	(6,236,809)	-	(6,236,809)
Finance costs	-	-	-	(1,589,287)	(1,589,287)
Impairment expense	(4,917,232)	-	(828,800)	(40,000)	(5,786,032)
Loss before income tax	**(5,624,085)**	**-**	**(7,065,609)**	**(5,700,692)**	**(18,390,386)**
Taxes	-	-	-	-	-
Loss for the year	**(5,624,085)**	**-**	**(7,065,609)**	**(5,700,692)**	**(18,390,386)**
Total Segment Assets					
31 December 2015	135,018,123	-	12,904,144	12,134,740	160,057,007
30 June 2015	64,848,349	-	11,641,829	10,257,939	86,748,117
Total Segment Liabilities					
31 December 2015	(116,390,668)	-	(3,394,717)	(11,745,921)	(131,531,306)
30 June 2015	(54,412,442)	-	(4,880,467)	(4,308,708)	(63,601,617)

Revenue from external customers by geographical location of production:	**31 Dec 2015 $**	31 Dec 2014 $
Australia	12,292,377	6,332,972

Non-current assets by geographical location:	**31 Dec 2015 $**	30 Jun 2015 $
Australia	130,985,068	73,470,237

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

3. Segment Reporting *(continued)*

The Group has changed its segment reporting to combine oil and gas producing assets into one segment, primarily as a result of the acquisition of a 50% interest in the Mereenie joint operation which comprises both oil and gas operations and has common expenditure across both streams. Consequently the comparatives for the previous periods have been revised to reflect the new reporting format.

Major Customers

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

Revenue from one customer represents $5,228,028 or 43% of the group's total oil and gas revenues (2014: $5,217,085 or 82%). Revenue from the second customer represents $4,182,002 or 34% of the group's total oil and gas revenues (2014: $nil). Revenue from the third customer represents $1,982,917 or 16% of the group's total oil and gas revenues (2014: $nil).

4. Profit and Loss Information

(a) Significant items

Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:

	31 Dec 2015 $	31 Dec 2014 $
Expenses		
Impairment of Surprise assets and oil related exploration assets (i)	37,045	5,746,032
Impairment of other assets (ii)	-	40,000

(i) At 31 December 2015 $37,045 additional impairment was recorded in respect of the Surprise oil field as a result of adjustments to the final costs associated with the facility. At 31 December 2014 the Group reassessed the carrying amount of its oil and gas assets for indicators of impairment such as changes in future prices, future costs and reservoir performance. As a result, the recoverable amounts related to the Surprise oil field were formally reassessed, resulting in an impairment loss of $4,917,232. In addition an impairment loss of $828,800 was booked in respect of oil exploration assets. Estimates of recoverable amounts of oil and gas assets are based on either fair value less costs to sell or value in use, determined by discounting each asset's estimated future cash flows at asset-specific discount rates.

(ii) Impairment of office and yard in Alice Springs acquired as part of the Magellan acquisition in 2014 and disposed of in February 2015.

5. Other Income

	31 Dec 2015 $	31 Dec 2014 $
Interest revenue	94,162	111,824
Other	-	8,038
	94,162	**119,862**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

6. Assets Held for Sale

	31 Dec 2015 **$**	30 Jun 2015 $
Land and buildings	-	355,736
Exploration assets	1,400,000	1,400,000
	1,400,000	**1,755,736**

The Group continues to negotiate with interested parties to divest its interest in certain exploration permits. These assets are allocated to the Exploration segment in Note 3.

During the current reporting period the Group completed the sale of a residential property in Alice Springs.

7. Property, Plant and Equipment

	Freehold land and buildings $	**Producing assets $**	**Assets in development $**	**Plant and equipment $**	**Restoration asset $**	**Total $**
30 June 2015						
Cost	260,924	32,750,137	-	30,725,815	5,261,271	68,998,147
Accumulated depreciation and impairment	-	(1,942,462)	-	(7,412,661)	(1,065,609)	(10,420,732)
Net book amount	**260,924**	**30,807,675**	**-**	**23,313,154**	**4,195,662**	**58,577,415**
31 December 2015						
Opening net book amount	260,924	30,807,675	-	23,313,154	4,195,662	58,577,415
Additions	3,558,479	34,006,975	-	12,936,679	10,945,944	61,448,077
Disposals and write offs	-	-	-	-	-	-
Impairment	-	(37,045)	-	-	-	(37,045)
Depreciation charge	(116,092)	(1,110,325)	-	(2,419,368)	(277,834)	(3,923,619)
Closing net book amount	**3,703,311**	**63,667,280**	**-**	**33,830,465**	**14,863,772**	**116,064,828**
31 December 2015						
Cost	3,819,403	66,839,193	-	43,580,413	16,207,215	130,446,224
Accumulated depreciation and impairment	(116,092)	(3,171,913)	-	(9,749,948)	(1,343,443)	(14,381,396)
Net book amount	**3,703,311**	**63,667,280**	**-**	**33,830,465**	**14,863,772**	**116,064,828**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

8. Interest Bearing Liabilities

		31 Dec 2015 $	30 Jun 2015 $
(a)	Interest bearing liabilities (current) [1]		
	Insurance premium funding		
	Debt facilities	3,880,017	7,921,129
		3,880,017	**7,921,129**
(b)	Interest bearing liabilities (non-current) [1]		
	Debt facilities	83,684,262	39,536,722
		83,684,262	**39,536,722**

In August 2015 the group negotiated an expansion and amendments to its Loan Facility Agreement (Facility) with Macquarie Bank Limited (Macquarie).

The expanded Facility consists of 4 tranches totalling $90 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 totals $30 million and was used to fund completion of the Dingo gas field, including all acquisition costs and capitalised interest expenses. Tranche D totals $40 million and was used primarily to fund the Mereenie acquisition.

All tranches are now structured as 5 year partially amortising term loans with a maturity date of 30 September 2020. The interest costs are based on fixed spreads over the periodic Bank Bill Swap (BBSW) average bid rate. The Group does not have any interest rate hedging arrangements in place. The Group 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 three key financial covenants:

1. The Group current ratio is at least 1:1, excluding amounts payable under the Macquarie debt facility.
2. PDP Cover Ratio is greater than 1.3:1. PDP Cover Ratio is defined as the net present value (using a 10% discount rate) of the proved, developed, producing reserves of the Palm Valley, Dingo and Mereenie oil and gas fields.
3. Financial indebtedness to trade creditors over 90 days from due date for payment does not exceed $5 million.

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

9. Provisions

	31 December 2015			30 June 2015		
	Current $	Non-current $	Total $	Current $	Non-current $	Total $
Employee entitlements (a)	1,963,002	364,671	2,327,673	1,761,378	228,987	1,990,365
Gas balancing arrangements (b)	406,081	-	406,081	-	-	-
Onerous contracts (c)	273,533	221,757	495,290	298,952	392,939	691,891
Restoration and rehabilitation	-	16,867,304	16,867,304	-	5,753,613	5,753,613
Total	**2,642,616**	**17,453,732**	**20,096,348**	**2,060,330**	**6,375,539**	**8,435,869**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

9. Provisions *(continued)*

Movements in Provisions

	Employee Entitlements (a) $	**Onerous Contracts (b) $**	**Gas balancing (c) $**	**Restoration and Rehabilitation (d) $**	**Total $**
Carrying amount at 1 July 2015	1,990,365	691,891	-	5,753,613	8,435,869
Additional provision charged to property, plant & equipment (Mereenie)	-	-	-	10,945,944	10,945,944
Liabilities assumed on acquisition of Mereenie assets	746,555	-	-	-	746,555
Charged/(credited) to profit or loss	470,755	(49,674)	406,081	-	827,162
Unwinding of discount	-	-	-	167,747	167,747
Amounts used during the half-year	(880,002)	(146,927)	-	-	(1,026,929)
Carrying amount at 31 December 2015	**2,327,673**	**495,290**	**406,081**	**16,867,304**	**20,096,348**

(a) *The current provision for employee entitlements includes accrued short term incentive plans, all accrued annual leave and the unconditional entitlements to long service leave where employees have completed the required period of service. The amounts are presented as current, since the Group does not have an unconditional right to defer settlement of 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.*

	31 Dec 2015	**30 Jun 2015**
Leave obligations expected to be settled after 12 months	642,523	520,916

(b) *A gas balancing arrangement exists in respect of the Group's interest in the Mereenie Joint Venture whereby joint venture partners can over-lift their entitlement to gas production, subject to certain limits. A provision has been created in respect of gas volumes over-lifted which will be repaid through future production.*

(c) *The provision for onerous contracts relates to operating lease commitments on the rental of office space at 167 Eagles Street Brisbane. The 2014 provision also included office space in Perth for which the lease has since expired.*

(d) *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.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

10. Contributed Equity and Reserves

	31 Dec 2015 $	30 Jun 2015 $
Share Capital		
433,197,647 ordinary shares	172,308,178	160,785,182
(30 June 2015: 368,718,957 ordinary shares)		
Reserves		
Share Options Reserve	18,602,616	16,695,379

	Half-Year Ended 31 December	
	2015	**2014**
Movements in Share Capital:		
Balance at start of year	160,785,182	155,223,040
Issues of ordinary shares	12,250,990	6,000,000
Transaction costs	(727,994)	(437,858)
Balance at the end of the half year	**172,308,178**	**160,785,182**
Movements in Share Options Reserve:		
Balance at start of year	16,695,379	14,448,696
Options issued for financing (net)	659,508	-
Share based payments costs	1,247,729	1,306,821
Balance at the end of the half year	**18,602,616**	**15,755,517**

	2015 No. of securities	2014 No. of securities
Movements in Ordinary Shares on Issue during the half-year:		
Balance at the beginning of the half-year	368,718,957	348,718,957
Issue of ordinary shares	64,478,690	20,000,000
Balance at the end of the half-year	**433,197,647**	**368,718,957**

Options and Rights granted during the period

Date of Issue	Class	Expiry Date	Exercise Price	Number Issued
01-Sep-2015	Unlisted Options – Macquarie Bank[1]	01-Sep-2019	$0.20	30,000,000
23-Sep-2015	Unlisted employee share rights[2]	23-Sep-2020	Nil	2,412,826

(1) New Options issued to Macquarie Bank as part of the expanded Loan facility (previously issued options granted to Macquarie Bank were cancelled and replaced with these new options)

(2) The number of rights to vest will be determined in accordance with the performance conditions as detailed in the Company's 2014 Long Term Incentive Plan

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

10. Contributed Equity and Reserves *(continued)*

Options and Rights lapsed or cancelled during the period

Date of Issue	Class	Expiry Date	Exercise Price	Number Issued
01-Sep-2015	Unlisted Options – Macquarie Bank	30-Sep-2016	$0.50	15,000,000
31-Oct-2015	Unlisted employee options	31-Oct-2015	$0.55	120,000
15-Nov-2015	Unlisted employee options	15-Nov-2015	$0.40	220,000
15-Nov-2015	Unlisted consulting options	15-Nov-2015	$0.45	9,683,634
15-Nov-2015	Unlisted employee options	15-Nov-2015	$0.45	4,354,334
15-Nov-2015	Unlisted director options	15-Nov-2015	$0.45	1,366,670
15-Nov-2015	Unlisted employee options	15-Nov-2015	$0.65	207,000

11. Mereenie Asset acquisition

On 1 September 2015 the Group completed the acquisition of a 50% interest in the Mereenie oil and gas assets from the Santos Group. The arrangement constitutes a joint arrangement under AASB 11. The total cost of acquisition, including transaction costs not previously expensed, has been allocated over the identifiable assets and liabilities on the basis of their relative fair values. Details of the assets and liabilities acquired are set out below:

	Assets and Liabilities recognised on acquisition $
Assets	
Inventory	1,503,195
Producing properties and permits	33,969,930
Property, plant & equipment (including Restoration assets)	26,755,696
	62,228,821
Liabilities	
Provisions for employee liabilities	746,555
Provision for restoration and rehabilitation	11,084,270
	11,830,825
Net assets acquired on completion	**50,397,996**
Amounts paid:	
Cash	35,000,000
Deferred consideration payable	10,000,000
Pre NEGI appraisal works - Santos free carry	5,000,000
Transaction costs	397,996
Total amounts paid	**50,397,996**

Under the Sale and Purchase Deed entered into with Santos in June 2015 for the purchase of an interest in the Mereenie oil and gas assets, certain amounts are payable to Santos in the event that Central elects to enter into a Gas Transportation Agreement ("GTA") with the NEGI (North East Gas Interconnect) project owner within 3 years of execution date.

The Group, under these circumstances, would be required to make a $15 million lump sum payment to Santos and also sole fund the associated gas development project ($55 million - $75 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

12. Contingencies and Commitments

(a) Exploration Contingencies and Commitments

The Group has contingent exploration expenditure commitments on various permit areas held in Australia.

	Consolidated	
	31 Dec 2015 **$**	**30 Jun 2015** **$**
Within 1 year	3,793,444	5,516,898
Later than one year but not later than three years	23,096,000	15,500,000
Later than three years but not later than five years	-	8,000,000
Total	**26,889,444**	**29,016,898**

In the petroleum industry it is common practice for entities to farm-out, transfer or sell a portion of their rights to third parties and, as a result, obligations may be reduced or extinguished.

(b) Operating Lease Commitments

The Group has non-cancellable operating leases for office premises in Brisbane expiring on 30 September 2018 and in Alice Springs expiring January 2016.

	Consolidated	
	31 Dec 2015 **$**	**30 Jun 2015** **$**
Due not later than 1 year	754,861	757,316
Due later than 1 year but less than 5 years	1,294,678	1,483,533
Total	**2,049,539**	**2,240,849**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

12. Contingencies and Commitments (continued)

(c) Contingent Liabilities

(i) The Group had contingent liabilities at 31 December 2015 in respect of certain joint venture payments as outlined in the previous annual financial report.

(ii) 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 has a contingent liability to pay Magellan a Gas Price Bonus if certain levels of production are realised, as outlined in the previous annual financial report.

(iii) Under the Sale and Purchase Agreement entered into with Santos QNT Pty Ltd and Santos Limited (Santos) and other parties in June 2015 for the purchase of a 50% interest in the Mereenie Oil & Gas Field and related assets, Central Petroleum is obliged to indemnify Santos in respect of 50% to the extent a bonus is payable (described in the paragraphs below) by Santos to Magellan Petroleum Australia Pty Ltd (MPA) under the sale and purchase agreement between Santos and Magellan Petroleum (NT) Pty Ltd (now known as Central Petroleum (NT) Pty Ltd) (CPNT) dated 15 September 2011 (as the right to receive that bonus amount was assigned to MPA under the Deed of Consent Bonus Amount between MPA, CPNT and Santos dated 26 March 2014) (Bonus Amount).

Until 1 July 2031, if at any time the 90 Day Average Net Sales exceeds a Threshold Level (see table below), a Bonus Amount may become payable to MPA, determined in accordance with the table set out below:

Threshold Level (90 Day Average Net Sales in BOE per Day)	Bonus Amount (AU$million) Gross JV (CTP indemnifies for 50% of this)
Less than 2,500	Nil
Greater than or equal to 2,500	5.00
Greater than or equal to 2,750	0.25
Greater than or equal to 3,000	0.25
Greater than or equal to 3,250	0.25
Greater than or equal to 3,500	0.25
Greater than or equal to 3,750	0.25
Greater than or equal to 4,000	0.25
Greater than or equal to 4,250	0.25
Greater than or equal to 4,500	0.25
Greater than or equal to 4,750	0.25
Greater than or equal to 5,000	0.25
Greater than or equal to 10,000	10.00

The current production from Mereenie is below the thresholds above and no Bonus Amount is payable. Given current production levels we do not anticipate paying a Bonus Amount at this time and ascribe a $nil value to this contingent liability. Should production from Mereenie reach a Threshold Level, this contingent liability will be revisited. Importantly any future payment of a Bonus Amount would likely only occur where sales and revenues from Mereenie materially exceed the Bonus Amount which may be payable.

(iv) Central Petroleum Limited has allegedly been served with litigation field in the District Court of Harris County, located in Houston, Texas, in respect of a farm-in deal negotiated between the Perth office of Total and Central Petroleum Limited when it was headquartered in Perth. Central Petroleum is disputing the Court's jurisdiction. Separately, internal investigations have concluded that there is no factual basis for the alleged claim and the Company denies any liability. The action will be vigorously defended.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

12. Contingencies and Commitments (continued)

(d) Contingent Assets

There were no contingent assets at 31 December 2015 (30 June 2015 - $nil).

13. Post Balance Sheet Events

There were no events that occurred subsequent to 31 December 2015 other than noted elsewhere in these accounts.

14. Related Party Transactions

There were no related part transactions during the period.

DIRECTORS' DECLARATION

31 December 2015

In the Directors' opinion:

The Financial Statements and notes set out on pages 13 to 30 are in accordance with the Corporations Act 2001, including:

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

(b) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that Central Petroleum Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

Richard I Cottee – Managing Director
Brisbane, Queensland
15 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT TO MEMBERS OF CENTRAL PETROLEUM LIMITED

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Central Petroleum Limited (the company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Central Petroleum Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Central Petroleum Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO MEMBERS OF CENTRAL PETROLEUM LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Central Petroleum Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 1 in the half-year financial report, which indicates that, consistent with the development nature of the consolidated entity's activities it has experienced operating losses, negative cash flows and that current liabilities exceed current assets. Over the next 12 months additional funds will be required to be raised to fund future operations of the consolidated entity and the Mereenie acquisition commitments. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cause significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Shewan

Michael Shewan
Partner

Brisbane
15 March 2016

CORPORATE DIRECTORY

31 December 2015

Directors

Robert Hubbard BA (Hons), FCA, Non-Executive Chairman
Richard I Cottee BA, LLB (Hons), Managing Director and Chief Executive Officer
Wrixon F Gasteen BE (Hons), MBA (Dist), Non-Executive Director
J Thomas Wilson BSc (Zoology), MSc (Geology) Non-Executive Director
Prof. Peter S Moore BSc (Hons1), MBA, PhD, Non-Executive Director

Company Secretaries

Daniel C M White LLB, BCom, LLM
Joseph P Morfea, FAIM, GAICD

Registered Office

Level 32, 400 George Street
Brisbane, QLD 4000
Telephone: +61(0)7 3181 3800
Facsimile: +61(0)7 3181 3855
www.centralpetroleum.com.au

Auditors

PricewaterhouseCoopers
123 Eagle Street
Brisbane, QLD 4000
www.pwc.com.au

Share Registrar

Computershare Investor Services Pty Limited
117 Victoria Street
West End, QLD 4101
Telephone: +61(0)7 3237 2100
Facsimile: +61(0)7 9473 2085
www.computershare.com

Stock Exchange Listing

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