

Central Petroleum Limited: New Gas Sales Agreement and Finance Facility Extension

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Brisbane, Australia - [Central Petroleum Ltd.](#) (ASX:CTP) (FRA:C9J) (OTCMKTS:CNPTF) has signed agreements for the sale of 3.5 PJ of gas and a 12-month extension to its existing finance facility with Macquarie Bank Limited ("Macquarie").

Highlights

- Central to supply 3.5 Petajoules (PJ) of gas to Macquarie (or its nominee) over calendar years 2022 and 2023.
- The gas supply agreement is to be pre-paid in full in December 2020.
- Funding from the gas supply agreement will be used for the recompletion of four existing wells and drilling two new crestal production wells at the Mereenie Field in 2021.
- The programme is expected to return the Mereenie Field's gross JV gas production capacity to over 45 Terajoules per day (TJ/d) when completed next year, delivering a target total volume in the order of 40 PJ (20PJ net to Central).
- The term of Central's existing \$69.8 million finance facility with Macquarie has been extended by 12 months, with the new maturity date now 30 September 2022.

These transactions will accomplish a series of important corporate objectives for Central, which:

- Funds critical Mereenie field activity to increase production capacity back to above a target plateau of 45 TJ/d (gross JV);
- Significantly increases target production capacity (net of the new gas supply agreement) for marketing into a domestic gas market recovery from 2022;
- Reduces gas contracting uncertainty by removing an existing Macquarie option to purchase gas in 2022 and 2023.
- Demonstrates strength in the domestic gas market from 2022;
- Preserves firm contracting capacity for delivery through the proposed Amadeus to Moomba Gas Pipeline ("AMGP") from 2024;
- Mitigates refinancing risk and increases capital structure certainty through to late 2022; and
- Creates cash flow flexibility through 2021 under a restructured debt repayment profile.

New Gas Sale Agreement

Under the gas sale agreement, Central will, subject to certain conditions precedent having been met, be paid in advance for the gas as a lump sum on 15 December 2020 and supply 3.5 PJ of gas to Macquarie (or its nominee) over calendar years 2022 and 2023. The gas sale agreement removes Macquarie's existing option to purchase additional gas in 2022 and 2023 under the Gas Sales and Prepayment Agreement announced in May 2016 in which 5.2 PJ of gas was sold for delivery over CY2019, 2020 and 2021. The new gas sale agreement will essentially continue gas deliveries to Macquarie (or its nominee) at the same rate for a further 2 years (CY2022 and 2023).

The new gas sale agreement increases Central's firm contracted gas sales to 7.5 PJ in CY2022 and 5.2 PJ in CY2023 (refer figure 1 below*), demonstrating strength in the term gas market from 2022 whilst preserving Central's firm contracting capacity for deliveries through the proposed AMGP from 2024.

The funds for the gas that are paid in advance will be used by Central to fund its share of costs associated

with recompleting four existing wells to produce gas currently behind pipe and drilling two new crestal production wells at the Mereenie Field in 2021.

The programme, which is subject to final JV approval, is expected to return the Mereenie Field's gross JV gas production capacity to over 45 TJ/d when completed next year, delivering a total incremental volume in the order of 40 PJ (20 PJ net to Central). The increased production capacity resulting from this investment will increase the quantity of firm gas available for marketing from 2022, including into markets potentially accessible via the proposed AMGP from 2024.

Loan Facility Extension

Central and Macquarie have agreed to extend the term of Central's \$69.8 million finance facility for a further 12 months. Subject to certain conditions precedent having been met, the facility will mature on 30 September 2022. There is no change to facility pricing and the finance facility will have a restructured repayment profile which continues repayments at \$1M/quarter for the next four quarters, increasing to \$2M/quarter on and from 31 December 2021 through to the end of the facility term in September 2022. The restructured debt service profile will provide additional cash flow flexibility for Central as it pursues its various growth strategies.

CEO Comments

"The transactions announced today pave the way for our strong financial performance as we emerge from the current market downturn. Using a pre-sale structure to fund field drilling that unlocks significantly more gas production capacity from 2022 accomplishes several key corporate objectives. Combined with the extension of our cost-efficient finance facility to late 2022, these transactions give Central flexibility and a solid financial base as we move forward in progressing our growth activities."

*To view tables and figures, please visit:
<https://abnnewswire.net/Ink/J96REV7I>

About Central Petroleum Limited:

[Central Petroleum Ltd.](#) (ASX:CTP) is an oil and gas explorer and producer listed on the Australian Securities Exchange focused on supplying the domestic gas market. Central is advancing several separate projects across what is regarded as the biggest package of proven and prospective oil and gas acreage across central Australia. This spread of assets gives Central multiple options for growth and development. 88% of this land being gas prone has led to the Company's focus on becoming a major domestic gas producer.

Source:

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