

Key features

- **Record quarterly production and sales volume:** 46% production increase to 0.77 MMboe and 55% sales volume increase to 0.82 MMboe from increasing Sole production
- **Record quarterly revenue:** 46% increase to \$35.9 million from commencement of the Sole Gas Sales Agreements
- **Improving performance of the Orbost Gas Processing Plant:** 42 TJ/day average processing rate in March 2021, up 63% from the prior quarter¹; further increases expected during CY2021
- **Extension of Transition Agreement with APA to 1 May 2022:** working together to increase processing rate at the Orbost Gas Processing Plant with the objective of achieving nameplate capacity of 68 TJ/day
- **Athena Gas Plant Project on schedule and on budget:** ~65% complete at quarter-end
- **FY21 guidance maintained:** Production: 2.7 – 2.9 MMboe; sales volumes: 2.9 – 3.1 MMboe

Comments from Managing Director David Maxwell

“Cooper Energy re-set its baseline performance during the quarter, delivering record quarterly production, sales volume and revenue.

“Improved performance from the reconfigured Orbost Gas Processing Plant underpinned our record results. Daily Orbost processing rates reached 45 TJ/day and stability improved, albeit with periodic absorber cleans still required. Ongoing plant operating improvements and capital works in FY22 have the objective of achieving further production increases and extending cleaning cycles.

“Commencement of the Sole Gas Sales Agreements in December 2020 and January 2021 was a major milestone which contributed to record quarterly performance. Sole sales revenue increased ~200% quarter-on-quarter due to higher sales volumes and less Sole gas sold on the spot market.

“Cooper Energy continues to execute its gas development strategy in a disciplined manner. With improving performance at the Orbost Gas Processing Plant and increasing cash flow, we are well positioned to continue growing gas supply for the southern markets from our Otway and Gippsland basin acreage,” Mr Maxwell said.

Key performance metrics

<i>\$ million unless indicated</i>	Mar. Q3 FY20	Dec. Q2 FY21	Mar. Q3 FY21	Qtr on Qtr change	FY20 YTD	FY21 YTD	Change
Production (MMboe)	0.28	0.53	0.77	46%	0.94	1.97	110%
Sales volume (MMboe)	0.28	0.53	0.82	55%	0.93	2.02	118%
Sales revenue	14.9	24.6	35.9	46%	54.0	84.7	57%
Cash and cash equivalents	143.3	115.3	109.1	(5%)	143.3	109.1	(24%)
Net Debt	83.6	114.1	115.9	2%	83.6	115.9	39%
Ave. gas price (\$/GJ)	9.50	7.27	6.83	(6%)	8.71	6.53	(25%)

1. Processing rates exclude downtime for reconfiguration works in Q2 FY21

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Financial

Sales volume and revenue

Record quarterly sales volume of 0.82 MMboe was 55% higher than the prior quarter. Growth was mainly due to higher gas production from Sole following reconfiguration of the Orbest Gas Processing Plant (OGPP), owned and operated by APA, during the prior quarter.

Record quarterly sales revenue of \$35.9 million was 46% higher than the prior quarter. Higher Sole pricing this quarter from commencement of GSAs was offset by lower realised pricing from the Otway Basin, with a larger portion of the Otway production uncontracted and therefore sold into the spot market. Consequently, the average realised gas price was down 6% to \$6.83/GJ (Q2 FY21: \$7.27/GJ). The average realised oil and condensate price was up 16% to \$82.4/boe (Q2 FY21: \$70.9/boe).

Throughout CY2021, Cooper Energy plans to deliver a minimum of 49 TJ/day on average under its Sole GSAs. Sole customer nominations averaged 40 TJ/day during the quarter due to the usual lower seasonal demand. Customer nominations are expected to increase to above 50 TJ/day in Q4 FY21, with APA to contribute to the cost of certain back-up gas supply if needed. All Sole customer nominations since commencement of the GSAs have been met.

Year-to-date sales volumes are in line with expectations and accordingly FY21 guidance of 2.9 – 3.1 MMboe is maintained.

		Mar. Q3 FY20	Dec. Q2 FY21	Mar. Q3 FY21	Qtr on Qtr change	FY20 YTD	FY21 YTD	Change
Sales volumes								
Gas ¹	PJ	1.4	3.0	4.8	60%	4.8	11.7	144%
Oil	kbbl	47.1	39.0	37.0	(5%)	145.1	116.0	(20%)
Condensate	kbbl	0.6	0.5	0.6	20%	2.9	1.6	(45%)
Total sales volume	MMboe	0.28	0.53	0.82	55%	0.93	2.02	118%
Sales revenue (\$ million)								
Gas ¹		13.3	21.8	32.8	50%	41.8	76.4	83%
Oil and condensate		1.6	2.8	3.1	11%	12.2	8.3	(32%)
Total sales revenue		14.9	24.6	35.9	46%	54.0	84.7	57%
Ave. realised prices								
Gas	\$/GJ	9.50	7.27	6.83	(6%)	8.71	6.53	(25%)
Oil and condensate	\$/boe	33.5	70.9	82.4	16%	82.4	70.6	(14%)

1. Includes sale of third-party gas purchases of 317 TJ in Q3 FY21 and 370 TJ in FY21 YTD

Capital expenditure

Incurred capital expenditure of \$7.1 million was 39% lower than the prior quarter, with the majority of spend related to the Athena Gas Plant (Cooper Energy: 50% and operator; Mitsui: 50%). The Athena Gas Plant is being upgraded to provide processing capacity for the Casino Henry fields and future Otway Basin developments. Further commentary is contained in the *Exploration and development* section on page 7.

Year-to-date capital expenditure is in line with expectations and accordingly FY21 guidance of \$45 – 50 million is maintained.

\$ million	Mar. Q3 FY20	Dec. Q2 FY21	Mar. Q3 FY21	Qtr on Qtr change	FY20 YTD	FY21 YTD	Change
Exploration and appraisal	4.9	1.0	1.4	40%	37.5	3.2	(91%)
Development	6.8	10.6	5.7	(46%)	38.1	20.9	(45%)
Total	11.7	11.6	7.1	(39%)	75.6	24.1	(68%)

By basin	Mar. Q3 FY21			FY21 YTD		
\$ million	Exploration	Development	Total	Exploration	Development	Total
Otway Basin	0.4	5.4	5.8	1.2	18.0	19.2
Gippsland Basin	0.9	0.1	1.0	1.9	0.1	2.0
Cooper Basin	0.1	(0.4)	(0.3)	0.1	0.1	0.2
Other	–	0.6	0.6	–	2.7	2.7
Total	1.4	5.7	7.1	3.2	20.9	24.1

Liquidity

As at 31 March 2021, Cooper Energy had cash reserves of \$109.1 million (Q2 FY21: \$115.3 million) and drawn debt of \$225.0 million (Q2 FY21: \$229.4 million). The first principal repayment for Cooper Energy's debt facility was made during the quarter and totalled \$4.4 million. PRRT payments of \$3.0 million were in line with the prior quarter.

\$ million	Mar. Q3 FY20	Dec. Q2 FY21	Mar. Q3 FY21	Qtr on Qtr change	FY20 YTD	FY21 YTD	Change
Cash and cash equivalents	143.3	115.3	109.1	(5%)	143.3	109.1	(24%)
Drawn debt	226.9	229.4	225.0	(2%)	226.9	225.0	(1%)
Net debt	83.6	114.1	115.9	2%	83.6	115.9	39%

Recognising the delayed commencement of production at OGPP and lower production levels than originally anticipated, Cooper Energy is working with its lenders to adjust the terms and conditions of its debt facility to better reflect the outlook for production and the extended life of the Sole field. Agreement on adjustments to the facility is expected by 30 June 2021.

Hedging

During the quarter, 5,874 bbl of forecast oil production were hedged for the month of March 2021. A zero-cost collar was entered into with a floor price of A\$70.00/bbl and a cap price of A\$85.80/bbl. The average daily Brent oil price in March 2021 was \$A85.18/bbl.

A further 15,842 bbl of forecast oil production are hedged for the months of April and May 2021 using zero-cost collars with a floor price of A\$70.00/bbl and a cap price of A\$85.80/bbl.

Production

Record total oil and gas production of 0.77 MMboe was 46% higher than the prior quarter, mainly due to higher gas production from Sole following reconfiguration of OGPP during the prior quarter. Sales gas production of 4.5 PJ was 50% higher than the prior quarter and oil and condensate production of 38.3 kbbl was 6% lower than the prior quarter.

Year-to-date production is in line with expectations and accordingly FY21 guidance of 2.7 – 2.9 MMboe is maintained.

Gippsland Basin (Sole)

Sole gas production of 3.2 PJ was 97% higher than the prior quarter due to improving performance of OGPP following reconfiguration works undertaken in Q2 FY21.

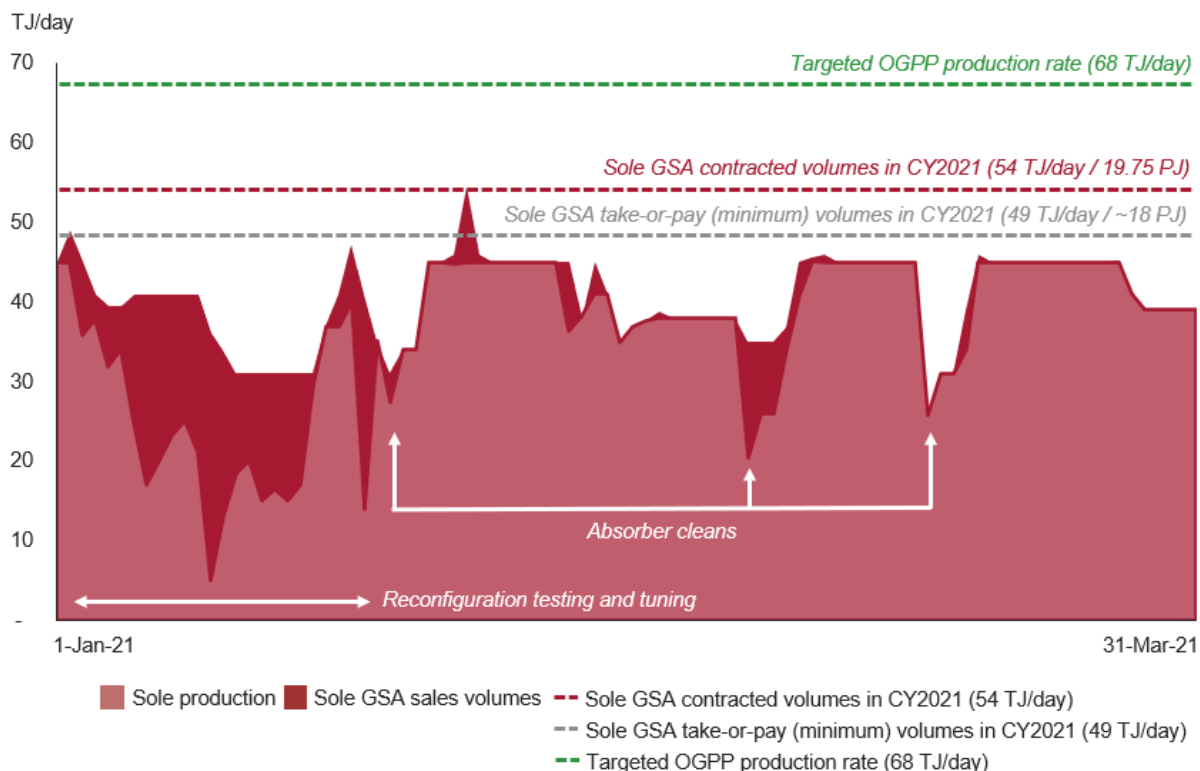
Reconfiguration of OGPP's two sulphur absorbers (refer ASX announcement of 9 December 2020) has delivered improved production rates and stability. Average production in March 2021 was 42 TJ/day compared with 39 TJ/day in February and 28 TJ/day in January. Production stability is also progressively improving. However, periodic cleaning of absorbers is still required.

It is anticipated that the near-term production level from OGPP will be 45 TJ/day with six-weekly cleans for each absorber. The individual absorber cleans are staggered every three weeks with production planned to reduce to 30 TJ/day during each three-day cleaning period. OGPP owner and operator APA is currently focused on increasing the stability of production at this level and extending cleaning cycles.

The Sole gas field continues to perform without interruption and in line with expectations. The hydrogen sulphide (H₂S) content of raw gas produced from Sole is consistently within the range of 950 – 1,000 parts per million (ppm), which meets OGPP design capacity of 3,000 ppm.

The following chart shows Sole production and GSA sales volumes for Q3 FY21. OGPP processing rates subsequent to quarter-end ranged from 30 TJ/day to 39 TJ/day ahead of scheduled maintenance undertaken from 11 – 16 April 2021.

Sole production and GSA sales volumes from 1 January 2021 to 31 March 2021



Otway Basin (Casino Henry)

Casino Henry gas production of 1.3 PJ was 7% lower than the prior quarter, mainly due to well maintenance and associated well cycling activities.

Cooper Basin

Oil production of 37.8 kbbl was 6% lower than the prior quarter, mainly due to natural field decline. Production from PEL 92 contributed 36.4 kbbl (Q2 FY21: 38.4 kbbl) and the Worrior field in PPL 207 contributed 1.3 kbbl (Q2 FY21: 1.8 kbbl).

By product		Mar. Q3 FY20	Dec. Q2 FY21	Mar. Q3 FY21	Qtr on Qtr change	FY20 YTD	FY21 YTD	Change
Sales gas	PJ	1.4	3.0	4.5	50%	4.8	11.3	135%
Oil and condensate	kbbl	50.1	40.6	38.3	(6%)	153.6	120.3	(22%)
Total production	MMboe	0.28	0.53	0.77	46%	0.94	1.97	110%

By basin		Mar. Q3 FY20	Dec. Q2 FY21	Mar. Q3 FY21	Qtr on Qtr change	FY20 YTD	FY21 YTD	Change
Gippsland Basin								
Sole								
Sales gas	PJ	0.1	1.6	3.2	97%	0.1	7.4	n/m
Otway Basin								
Casino Henry								
Sales gas	PJ	1.3	1.3	1.3	(7%)	4.4	3.9	(11%)
Condensate	kbbl	0.6	0.5	0.5	6%	2.2	1.5	(31%)
Cooper Basin								
Oil	kbbl	49.5	40.1	37.8	(6%)	150.7	118.8	(21%)
Total production ¹	MMboe	0.28	0.53	0.77	46%	0.94	1.97	110%

NB. Preliminary Cooper Basin production data for the current quarter

1. FY20 YTD production includes 0.8 kboe from the Minerva field which ceased production in Q1 FY20

Commercial and corporate

Transition Agreement

As announced on 20 August 2020, Cooper Energy and APA entered into the Transition Agreement to provide the framework for commencing Sole GSAs and commissioning OGPP as early as possible. The Transition Agreement also provides for revenue and cost sharing mechanisms during the commissioning phase and contributions to Cooper Energy from APA for the cost of sourcing certain back-up gas supply if required.

Subject to certain extension rights, the Transition Agreement was scheduled to expire on 1 May 2021. Cooper Energy has advised APA that it has exercised Cooper Energy's option to extend the Transition Agreement by 12 months to 1 May 2022.

Exploration and development

Gippsland Basin

Development

Orbost Gas Processing Plant

Cooper Energy and APA continue to work together to improve OGPP performance, with the objective of achieving nameplate capacity of 68 TJ/day. To achieve the next step towards this objective, APA and Cooper Energy are discussing further capital works to be undertaken during FY22. The objective of this work program is to further improve stability and further increase production rates.

Details of the work program are still to be finalised and agreed. The scope of works currently under consideration includes:

- installation of solids removal equipment to reduce the fouling from solids deposition within the absorbers;
- changing the liquid distributor within each absorber to a spray nozzle to mitigate carryover during a foaming event; and
- installation of a polishing unit to reduce the impact of hydrogen sulphide (H₂S) breakthrough during foaming events.

The initial cost estimate for this work program is approximately \$24 million. The costs will be shared between Cooper Energy and APA in accordance with the Transition Agreement. APA and Cooper Energy plan to review OGPP performance after these capital works and identify any further steps required to increase production.

Scheduled maintenance at OGPP was undertaken from 11 – 16 April 2021 for cleaning of pipes and both absorbers in readiness for the winter production period. The plant was offline during this period. However, gas sales continued under the Sole GSAs, with gas supply sourced from Cooper Energy's existing back-up supply arrangements. In accordance with the Transition Agreement, APA makes contributions to the cost of certain back-up supply, which provides Cooper Energy with a comparable net cash margin as if all required Sole GSA volumes had been processed at OGPP and made available for sale.

The root cause analysis is continuing, with the objective of identifying the underlying cause of OGPP foaming and fouling.

Exploration

The exploration focus in the Gippsland Basin has been on VIC/P75 in the basin's central area. The permit is surrounded by major fields, including the Marlin, Snapper and Barracouta gas fields to the north and the Kingfish and Fortescue oil fields to the south and east. During the quarter, interpretation of the reprocessed 3D seismic data and depth conversion was completed. Resource and risk assessment of identified prospects is underway.

BMG abandonment

The BMG abandonment project involves decommissioning seven wells and associated subsea infrastructure (pipelines and control umbilicals) in the Basker, Manta and Gummy (BMG) fields in the Gippsland Basin. The BMG permits contain the proven Manta gas field and the Manta Deep prospect.

Cooper Energy has recently contracted (subject to FID) the Helix Q7000 light well intervention rig, which is specifically designed and built for intervention on subsea wells and abandonment activities. The Helix Q7000 Safety Case, a key permissioning document, has been submitted to the regulator (NOPSEMA) and is currently under review. The plan is that other regulatory documentation, including the Environment Plan and Well Operation Management Plan, will be submitted in Q4 FY21.

The BMG abandonment project is currently in the Front End Engineering Design (FEED) stage, with activities focused on selecting optimal methodologies and technologies for safe and cost-effective delivery of the decommissioning objectives. Details of scope of works, timing of execution and cost estimates will be announced at FID, which is being considered in FY22.

Otway Basin (Offshore)

Development

Athena Gas Plant Project

The upgrade of the Athena Gas Plant continues on schedule and on budget, with the works program approximately 65% complete at the end of the quarter.

First commissioning gas through the plant is expected in Q1 FY22 and switchover of processing Casino Henry gas from the Lochard operated Iona Gas Plant is expected in Q2 FY22. Following commissioning and switchover, the Athena Gas Plant is expected to deliver operating cost savings of approximately \$0.50/GJ relative to current tariffs paid for gas processed through the Iona Gas Plant.

The Athena Gas Plant is also expected to deliver an uplift in gas production of approximately 3 TJ/day (net to Cooper Energy) due to the plant's lower inlet pressure relative to the Iona Gas Plant. Gas processing capacity will also support future Otway Basin gas developments such as the Otway Phase 3 Development (OP3D).

Otway Phase-3 Development Project

The OP3D project involves development of the Annie gas discovery and Henry gas field to produce more than 120 PJ of gas through the Athena Gas Plant. OP3D is currently in the Select phase with planning for development drilling underway. The timing for a FID will be made having regard to optimisation for market timing and optimisation for funding.

During the quarter, Cooper Energy received Declaration as a Location approvals for the Annie field in VIC/P44 and VIC/P76 from NOPTA. These regulatory approvals acknowledge the location of the Annie field discovery and reserve the permits for conversion to future retention or production licenses.

Exploration

Reprocessing of 3D seismic data covering VIC/P76, VIC/P44, VIC/L24, VIC/L30, VIC/L33 and VIC/L34 continued during the quarter and is expected to be completed in Q2 FY22. Review of existing prospects will then be undertaken.

Geoscience studies have progressed the Pecten East, Juliet and Nestor exploration prospects during the quarter. Together with Elanora, these will be assessed for inclusion in future drilling campaigns. All prospects show strong seismic amplitude support for the presence of gas and are close to production infrastructure.

Otway Basin (Onshore)

Exploration

Planning for 3D seismic acquisition in PEL 494 (Beach Energy 70% and operator; Cooper Energy 30%) continued during the quarter with the acquisition expected to be conducted in Q2 FY22. This survey will cover the Dombey gas discovery in the Penola Trough.

The South Australian Department for Energy and Mining granted PEL 680 to Beach Energy (70% and operator) and Cooper Energy (30%). The five-year work program consists of geological and geophysical studies and reprocessing of 2,700 km of 2D seismic.

The Victorian Department of Jobs, Precincts and Regions is reviewing the revised work programs for PEP 150, PEP 168 and PEP 171, which were submitted during the prior quarter. The current onshore Victorian permit moratorium will be lifted on 1 July 2021.

Cooper Basin

Development

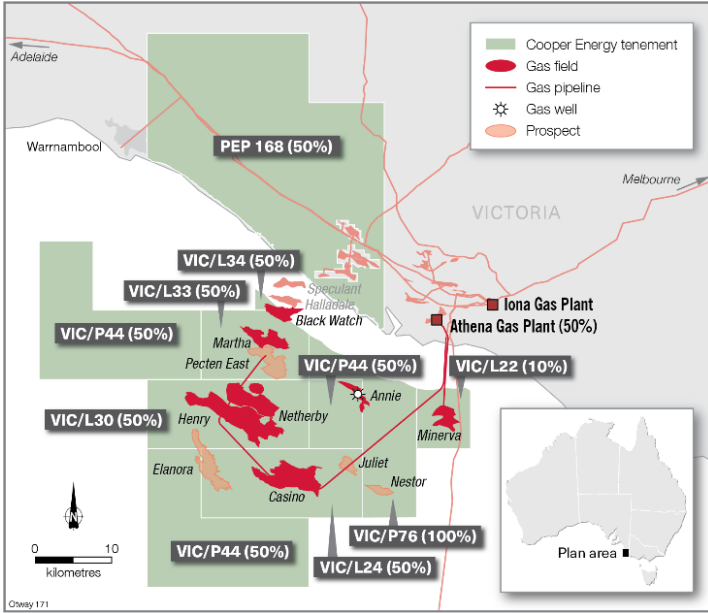
In March 2021, Cooper Energy and PEL 92 joint venture partner Beach Energy (75% and operator) completed drilling the Callawonga-13 horizontal oil development well. The well was drilled to a total depth of 3,226 metres with a lateral section of 1,106 metres in the primary target McKinlay Member.

A preliminary assessment of results indicates a net pay section of 605 metres across the lateral section, which was within pre-drill expectations. Callawonga-13 has been completed as a producer and is awaiting the installation of flowlines and artificial lift. First oil production is expected in late May 2021.

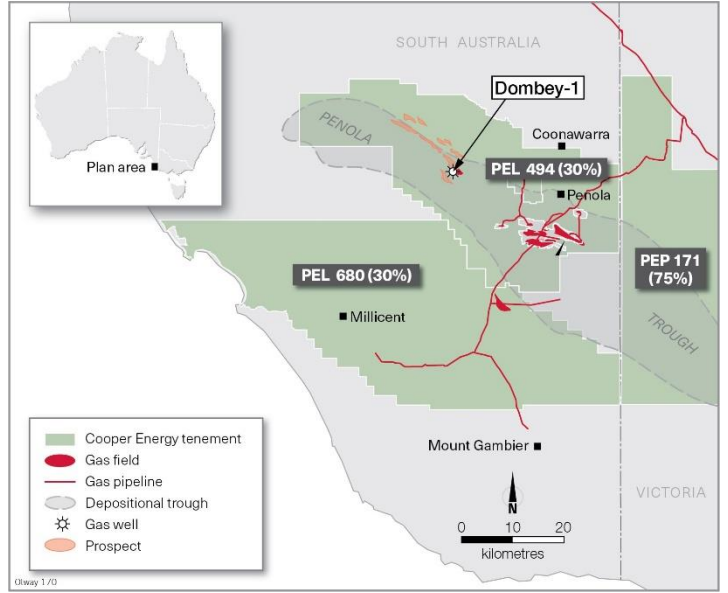
Cooper Energy tenements

Please refer to Cooper Energy's 2020 Annual Report for further information in relation to tenement interests.

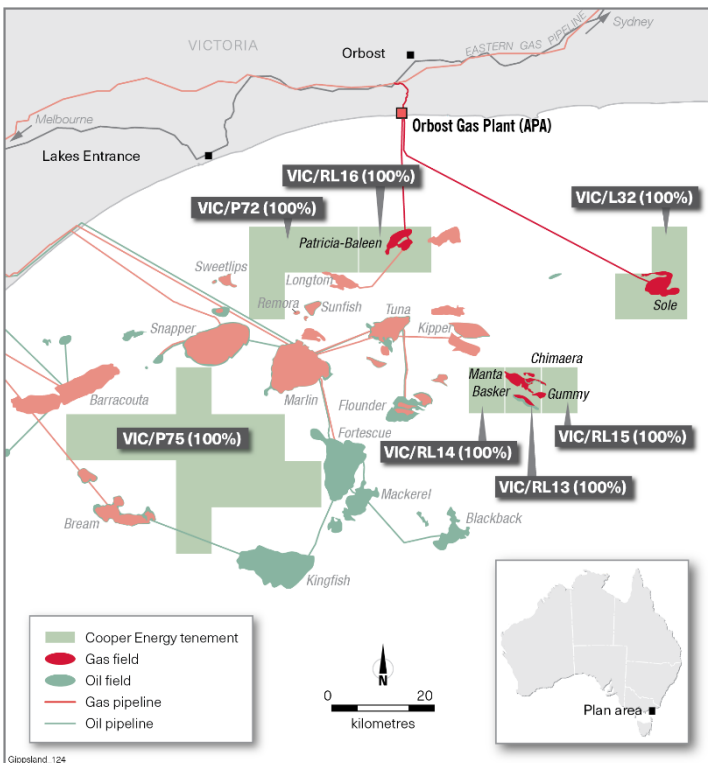
Otway Basin (Victoria):



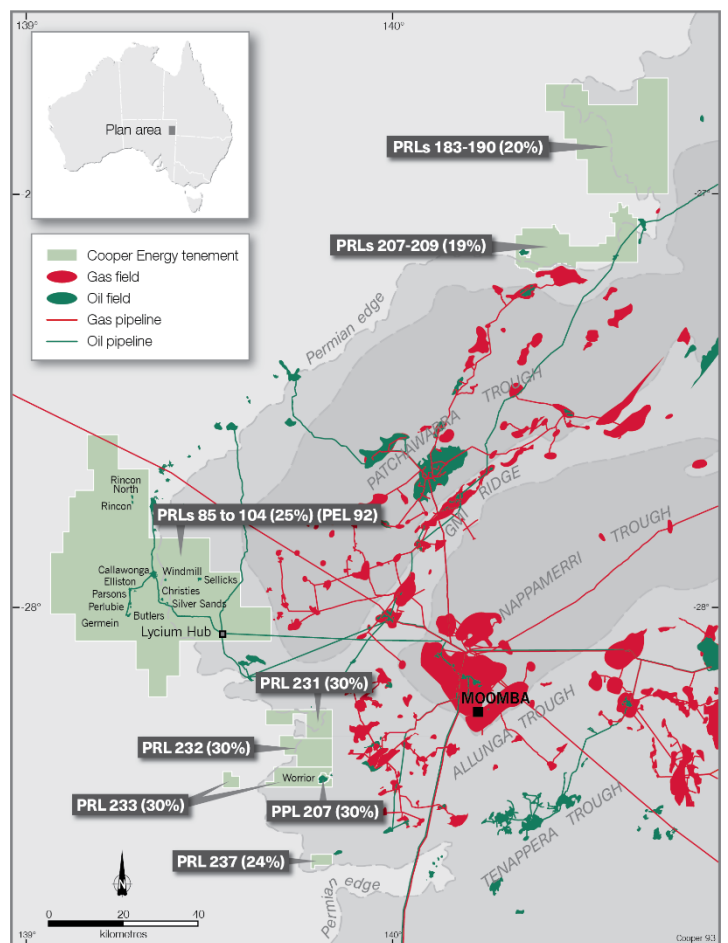
Otway Basin (onshore):



Gippsland Basin:



Cooper Basin:



Terms, abbreviations and conversion factors

Terms and abbreviations

\$	Australian dollars
APA	APA Group (ASX: APA)
bbl	Barrels
Bcf	Billion cubic feet of gas
bopd	Barrels of oil per day
BMG	Basker, Manta and Gummy fields
Cooper Energy	Cooper Energy Limited ABN 93 096 170 295
FEED	Front End Engineering and Design
FID	Final Investment Decision
GSA	Gas Sales Agreement
kbbbl	Thousand barrels
km	Kilometres
m	Metres
MMboe	Million barrels of oil equivalent
MMscf/day	Million standard cubic feet of gas per day
n/m	Not meaningful
NOPTA	National Offshore Petroleum Titles Administrator
OGPP	Orbost Gas Processing Plant
PEL	Petroleum Exploration Licence
PEP	Petroleum Exploration Permit
PJ	Petajoules
PPL	Petroleum Production Licence
PRL	Petroleum Retention Lease
scf	Standard cubic feet of gas
TJ	Terajoules
YTD	Year to date

Conversion factors

Gas	1 PJ	= 0.163 MMboe
Oil	1 bbl	= 1 boe
Condensate	1 bbl	= 0.935 boe

Disclaimer

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