

25 May 2021

Operational and financial update

- **Increasing Sole cash flows with average sales volumes of 51 TJ/day since 1 April 2021**
- **Variable performance at the Orbest Gas Processing Plant – production reaching 48 TJ/day**
- **Athena Gas Plant commissioning to commence imminently; expected online in Q2 FY22**
- **Contracting of Otway Basin gas underway**
- **Debt facility adjustments progressing as planned**
- **Revised full year FY21 guidance:**
 - **Sales volumes expected to be towards the middle of guidance range of 2.9 – 3.1 MMboe**
 - **Production expected to be towards the lower end of guidance range of 2.7 – 2.9 MMboe**
 - **Capital expenditure guidance reduced to \$35 – 40 million (previously \$45 – 50 million)¹**

Cooper Energy (ASX: COE) is pleased to provide the following operational and financial update.

Orbest Gas Processing Plant (OGPP) and Sole gas field

OGPP performance and outlook

Scheduled maintenance at OGPP was undertaken from 11 April to 17 April 2021 by plant owner and operator APA Group (ASX: APA). During this period the plant was shut down for six days for a proactive winter readiness clean in both absorbers. The plant was brought back online on 17 April and produced at rates of 45 – 48 TJ/day through to the end of April. The development of fouling earlier than expected within the absorbers subsequently limited production throughput capacity.

APA brought forward the next scheduled absorber cleans which were undertaken from 12 May to 22 May 2021. Each absorber was cleaned within three days. Production through both absorbers in parallel mode has since recommenced and the plant is currently producing at 48 TJ/day. Individual absorber cleans will be staggered every 2-3 weeks to maximise the production profile throughout winter.

Cooper Energy and APA continue to work together on the plans for further capital works in accordance with the Transition Agreement as announced on 20 August 2020.

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

Sole gas sales volumes

Higher seasonal demand leading into winter has seen gas sales into the Sole contracts increase up to maximum daily contract quantities. Since 1 April 2021, sales volumes have averaged 51 TJ/day and have reached 59 TJ on a number of days. All nominations from the Sole customers are being met.

¹ Capital expenditure guidance excludes abandonment costs and expenditure for OGPP reconfiguration and commissioning works; includes corporate expenditure on IT hardware and systems upgrades.

Throughout CY2021, Cooper Energy plans to deliver a minimum of 49 TJ/day on average under its Sole Gas Sales Agreements (GSAs). As the OGPP performance has been variable, gas supply has been sourced from Cooper Energy's back-up supply arrangements when required. In accordance with the Transition Agreement², APA will make contributions towards costs of certain back-up supply, which provide 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.

Sole gas field performance

The Sole gas field reservoir continues to perform without interruption and in line with expectations. The 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.

Otway Basin

Production

Gas production from the Casino, Henry and Netherby (CHN) fields was offline from 7 April to 3 May 2021 while annual scheduled maintenance was undertaken at the Iona Gas Plant (owned and operated by Lochard Energy).

During this period, Cooper Energy undertook various planned onshore and offshore maintenance activities. Production recommenced on 3 May and the fields have since been producing at ~15 TJ/day (net to Cooper Energy) consistent with plans.

Athena Gas Plant Project

Recommissioning of the Athena Gas Plant continues on schedule and on budget, with the work program approximately 70% complete. In May, preparations for commissioning commenced, including finalisation of mechanical completion and start-up readiness preparations. Work has also commenced on the pipeline cutover which will see gas from the CHN fields directed to the Minerva Pipeline which connects to the Athena Gas Plant.

First commissioning gas through the plant is expected in Q1 FY22 and cutover of processing from the Iona Gas Plant to the Athena Gas Plant is expected in Q2 FY22 following the peak winter demand period. Once operational, the Athena Gas Plant will be an integral asset within Cooper Energy's gas portfolio. Expected benefits from re-commissioning the plant include:

- the ability to produce gas from the CHN fields at a higher rate due to the plant's lower inlet pressure relative to the Iona Gas Plant. A production increase of up to 3 TJ/day (net to Cooper Energy) is expected;
- lower operating costs, with an expected saving of approximately \$0.50/GJ relative to current tariffs paid for gas processed through the Iona Gas Plant;
- additional gas processing capacity (total plant capacity of ~150 TJ/day) to support Otway Basin gas developments such as the Otway Phase 3 Development (OP3D) and any future discoveries; and
- enhanced gas marketing flexibility, with the ability to offer firm gas supply and manage Sole customer requirements using Cooper Energy's Otway Basin gas if required.

Approximately two thirds of Cooper Energy's current Otway Basin gas production is uncontracted and production will be largely uncontracted by the end of CY2021. Negotiations are underway for firm GSAs for this uncontracted gas.

² The Transition Agreement with APA expires on 1 May 2022. For further details, refer to Cooper Energy's ASX announcements of 20 August and 30 October 2020, and the H1 FY21 half year results presentation of 15 February 2021.

Cooper Basin

In March 2021, Cooper Energy and PEL 92 joint venture partner Beach Energy (75% participating interest and operator) completed drilling of 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. Callawonga-13 was brought online in early May and is currently producing at ~150 bopd on free-flow.

Financial update

Strengthening financial position

Cooper Energy continues to strengthen its financial position with increasing sales volumes, revenue and cash flow from Sole and cash reserves of \$109 million as at 31 March 2021. Capital expenditure in FY21 is expected to be below original guidance and no material capital expenditure is currently planned for FY22 (refer commentary below).

Bank debt facility

Recognising the delayed start-up of OGPP and resulting lower Sole production levels than originally anticipated, Cooper Energy has submitted to its lenders a proposal for adjustment of some of its debt facility's terms and conditions. The proposal seeks to better align the facility given the current outlook for production and the resulting extended field life of Sole. The process is progressing as planned and agreement on adjustments to the debt facility is expected by 30 June 2021.

Revised full year FY21 guidance

The following revised full year FY21 guidance reflects lower than expected gas processing rates at OGPP and re-scheduling of some Athena Gas Plant commissioning activities to FY22.

- Sales volumes are tracking in line with expectations and expected to be towards the middle of guidance range of 2.9 – 3.1 MMboe.
- Production is expected to be towards the lower end of guidance range of 2.7 – 2.9 MMboe due to recent performance of OGPP relative to expectations.
- Capital expenditure guidance reduced to \$35 – 40 million (previously \$45 – 50 million) due to re-scheduling of some Athena Gas Plant commissioning activities to FY22. No material capital expenditure is forecast for FY22, with spend expected to be broadly in line with FY21 (subject to finalisation of budgets and joint venture and Board approvals).³

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Cooper Energy Limited (ASX: COE) is an exploration and production company which generates revenue from gas supply to south-east Australia and low-cost Cooper Basin oil production. The company is an emerging player in the south-east Australian energy sector holding a portfolio of gas supply contracts and one of the most extensive portfolios of gas-focused acreage and assets, including well located reserves and resources in the Otway and Gippsland basins. These include the Sole gas field in the Gippsland Basin which recently became the first new offshore gas development in south-east Australia to commence production in several years, the Casino Henry operations in the offshore Otway Basin and undeveloped resources such as Manta and Annie.

Disclaimer: This announcement may contain forward looking statements that are subject to risk factors related to oil, gas and associated businesses. The expectations reflected in these statements are believed to be reasonable. However, they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to diverge materially, including in respect of: price fluctuations and currency fluctuations, drilling and production results, actual demand, reserve estimates, loss of market, competition in the industry, risks (environmental, physical, political etc.), developments (regulatory and fiscal etc.), economic and financial market conditions in Australia and elsewhere, changes in project timings, approvals and cost estimates.

³ Capital expenditure guidance excludes abandonment costs and expenditure for OGPP reconfiguration and commissioning works; includes corporate expenditure on IT hardware and systems upgrades.