

3 August 2021

Operational and financial update

- **Sole gas sales at maximum daily contract quantities in July**
 - Average Sole gas sales volumes of 59 TJ/day (Q4 FY21: 54 TJ/day)
- **Improved stability and processing rates at the Orbost Gas Processing Plant in July**
 - Average processing rate of 40 TJ/day (Q4 FY21: 33 TJ/day)
- **Athena Gas Plant commissioning on schedule for Q2 FY22 start-up**
- **Debt facility adjustments finalised; principal repayments re-sculpted**

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

Gippsland Basin

Orbost Gas Processing Plant (OGPP) and Sole gas field

The average Sole production rate in July of 40 TJ/day was 21% higher than the Q4 FY21 average of 33 TJ/day due to improved performance at the Orbost Gas Processing Plant (OGPP), owned and operated by APA Group (ASX: APA). This follows cleaning of each absorber every two weeks (i.e. one absorber cleaned every week) to maximise the average production profile through winter.

Cooper Energy has provided approval to APA for upcoming capital works at OGPP, as announced on 19 July 2021. The capital works are designed to improve reliability and increase sustainable production rates. The scope of works agreed includes:

- changing of the liquid distributor within each absorber to a spray nozzle to minimise foaming; and
- installation of solids removal equipment to reduce the fouling from solid sulphur deposition within the absorbers.

Significant testing has been undertaken at OGPP on solids removal technologies, with promising results delivered. Further information on the work program, cost and timing of the upcoming capital works will be provided in the coming weeks.

The root cause analysis is continuing, with the objective of identifying the underlying cause of OGPP foaming and fouling. APA and Cooper Energy have engaged a specialist surfactant chemist to peer review the testing results and analysis previously undertaken. The surfactant chemist's scope of work is being overseen by a technical committee comprising APA and Cooper Energy representatives.

Sole gas sales volumes

Higher seasonal winter demand has continued with gas sales into the Sole Gas Sales Agreements (GSAs) currently at maximum daily quantities. Average sales volumes in July were 59 TJ/day, with OGPP processing shortfalls met through Cooper Energy's back-up gas supply arrangements. All daily nominations from Sole customers continue to be met.

Throughout CY2021, Cooper Energy plans to deliver a minimum of 49 TJ/day on average under the Sole GSAs. In accordance with the Transition Agreement, 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 continues to perform without interruption and in line with expectations.

Otway Basin

Production

In July, the uninterrupted processing of Casino Henry gas resumed with an average processing rate of 13 TJ/day, net to Cooper Energy (Q4 FY21: 9 TJ/day). This follows periodic interruption at the Iona Gas Plant in June due to sustained high withdrawal rates from the Iona storage facility, which required that all available compression at the Iona Gas Plant be used for withdrawal purposes, as announced on 1 July 2021.

Athena Gas Plant Project

The upgrade of the Athena Gas Plant continues on schedule and on budget, with the work program more than 80% complete. Mechanical completion has been achieved and preparations have commenced for start-up readiness, including the pipeline cutover project which will re-direct gas from Casino Henry 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. Once operational, the Athena Gas Plant will be an integral asset within Cooper Energy's gas portfolio with expected benefits including:

- the ability to produce gas from the Casino Henry fields at a higher rate due to the plant's lower inlet pressure relative to the Iona Gas Plant;
- lower operating costs 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 OP3D and future discoveries; and
- enhanced gas production and marketing flexibility, with the ability to offer firm gas supply and manage Sole customer requirements using Cooper Energy's Otway Basin gas if required.

Financial

Finalisation of debt facility adjustments

Documentation for the recent adjustments to some terms and conditions of Cooper Energy's debt facility has been fully signed. These adjustments include realignment of principal repayments through to expiry of the Transition Agreement on 1 May 2022 and re-sculpting of repayments through to maturity in 2024. The next quarterly principal repayment is \$7 million due on 30 September 2021, which will reduce drawn debt to \$211 million.

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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.

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