

6 October 2021

Operations and finance update

- **Phase 2B capital works underway at the Orbost Gas Processing Plant**
 - new spray nozzles installed in both sulphur absorbers
- **Athena Gas Plant commissioned and awaiting pipeline cutover**
 - on schedule for processing of Casino, Henry, Netherby gas in Q2 FY22
- **Deutsche Bank AG joined lending syndicate**

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

Gippsland Basin

Orbost Gas Processing Plant and Sole gas field

The Phase 2B capital works at the Orbost Gas Processing Plant (OGPP), owned and operated by APA Group (ASX: APA), commenced in September. The works aim to improve plant reliability and increase sustainable production rates through:

- installation of spray nozzles in the sulphur absorbers to suppress foaming and reduce fouling; and
- installation of solids removal technology to prevent fouling within the sulphur absorbers.

The first absorber was fitted with the new spray nozzle in early September. Mode testing and solution rebalancing was subsequently undertaken and processing rates reached 45 TJ/day on 16 September 2021.

Both absorbers were cleaned from late September to early October, with the new spray nozzle installed in the second absorber during this period. Both absorbers were back online on 5 October 2021 with further mode testing and solution rebalancing to be undertaken. Performance improvement outcomes from installation of the spray nozzles can then be more accurately gauged.

Installation of the solids removal technology is expected to occur in Q3 FY22.

Average Sole production in Q1 FY22 was 39 TJ/day (Q4 FY21: 33 TJ/day). Average production in September was 35 TJ/day which was 14% lower than the prior month due to installation of the spray nozzles.

Sole gas sales volume

Higher seasonal winter demand has continued with gas sales into the Sole Gas Sales Agreements (GSAs) at maximum daily quantities. The average gas sales volume in September was 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.

As announced on 13 September 2021, new gas sales arrangements have been agreed with AGL Energy Limited (ASX: AGL), including a new GSA for all developed and uncontracted volumes from the Otway Basin and amendments to the existing Sole GSA. The new arrangements reduce Cooper Energy's reliance on third-party gas purchases when OGPP processing rates are below required GSA levels.

Sole gas field performance

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

Otway Basin

Production

Processing of Casino, Henry and Netherby (CHN) gas at the Iona Gas Plant (owned and operated by Lochard Energy) averaged 13 TJ/day in September, net to Cooper Energy. The average processing rate for Q1 FY22 was 13 TJ/day (Q4 FY21: 9 TJ/day)

Athena Gas Plant Project

The Athena Gas Plant Project was approximately 90% complete at the end of September.

Commissioning of the Athena Gas Plant is now complete. The plant is fully operational and ready to receive CHN gas once the pipeline cutover has been completed.

The Athena Gas Plant Project remains on schedule and on budget. 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 CHN gas 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 the Otway Phase 3 Development 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.

Finance

Liquidity

Cooper Energy ended Q1 FY22 with net debt of approximately \$115 million (Q4 FY21: \$126.7 million), comprising cash reserves of approximately \$96 million (Q4 FY21: \$91.3 million) and drawn debt of \$211.0 million (Q4 FY21: \$218.0 million). A debt principal repayment of \$7 million was made on 30 September 2021.

New lending syndicate member

Following detailed due diligence, Deutsche Bank AG (Deutsche) has taken over ABN AMRO's loan exposure in Cooper Energy's reserves-based lending facility, effective 30 September 2021. This follows ABN AMRO's announcement in 2020 of its plans for an orderly exit of corporate finance and lending activities outside of Europe. Cooper Energy's lending syndicate now comprises ANZ, Deutsche, ING, NAB and Natixis.

Deutsche's support provides further validation of Cooper Energy's twin gas hub strategy, growth prospects and risk profile.

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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.