

8 December 2021

Operations update

- **Orbost Gas Processing Plant (OGPP) average rate in November up 21% to 42 TJ/day**
- **OGPP solids filtration installation expected late Q3 FY22; previously early Q3 FY22**
- **Gas into Athena Gas Plant to commence in coming days; first sales to customers expected mid-December**
- **Upgrades to offshore Otway Basin prospective resource estimates expected in Q3 FY22**
- **Onshore Otway Basin seismic survey to commence mid-December**
- **FY22 guidance ranges reviewed for solids filtration timing and higher spot gas prices**
 - Production guidance of 3.0 – 3.4 MMboe (previously 3.0 – 3.6 MMboe)
 - Sales volume guidance of 3.7 – 4.0 MMboe (previously 3.7 – 4.1 MMboe)
 - EBITDAX guidance of \$53 – 63 million (previously \$60 – 70 million)
 - Capital expenditure guidance of \$24 – 28 million (previously \$25 – 30 million)

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

Gippsland Basin

Orbost Gas Processing Plant

The average processing rate at OGPP, owned and operated by APA Group (ASX: APA), was 42 TJ/day in November, 21% higher than the prior month (35 TJ/day). The lower average processing rate in October reflected operational trials during implementation of the agreed Phase 2B scope for the spray distribution nozzles. The higher average processing rate in November reflected an extension of the absorbers' operating cycle.

OGPP's two sulphur absorbers are currently operating on a 21-day cycle in which each absorber is cleaned every three weeks (i.e. one absorber cleaned every 10 days). During November, a stable processing rate of 45 TJ/day was achieved while both absorbers were operating. A processing rate of 36 TJ/day through one absorber was achieved during the cleaning periods (previously 34 TJ/day).

Installation of the solids filtration system as part of the OGPP Phase 2B works is now expected to occur in March 2022 rather than January, as advised by APA. The delay is due to supply chain constraints and operational impacts from COVID-19. APA has also advised that the total cost for the Phase 2B works is expected to be in the order of \$26 million (\$13 million Cooper Energy share; previously \$10 million), with finalisation of estimates and award of contracts underway.

Sole gas sales volume

High demand has continued with sales into the Sole Gas Sales Agreements at maximum daily quantities. The average gas sales volume in November was 59 TJ/day (in line with the prior month), with OGPP processing shortfalls met through Cooper Energy's back-up gas supply arrangements and Otway Basin production. All daily nominations from Sole customers continue to be met.

Sole gas field performance

The Sole gas field continues to perform 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) ceased on 13 November 2021 due to commencement of the pipeline cutover to the Athena Gas Plant (described below). Consequently, gas processing averaged 5 TJ/day in November, net to Cooper Energy, compared with 13 TJ/day in October.

Athena Gas Plant Project

The Athena Gas Plant Project has achieved a critical milestone, with cutover of the CHN pipeline from the Iona Gas Plant to the Athena Gas Plant completed on schedule. Flow of CHN gas into Athena will commence in the coming days.

Ramp-up of gas processing at Athena will occur over the next one to two weeks, with first gas sales to customers expected by mid-December and full processing rates from the CHN fields expected before Christmas.

Otway Basin exploration

In the offshore Otway Basin, interpretation of reprocessed 3D seismic data is nearing completion. Improved mapping techniques and data quality is providing confidence in increased prospect sizes relative to original assessments. Updated prospective resource estimates will be provided in Q3 FY22.

The Dombey 3D seismic survey in PEL 494 of the onshore Otway Basin is expected to commence in mid-December and will be conducted over a six to ten-week period. The area to be surveyed is located approximately 15 kilometres west of Penola and covers 165 square kilometres.

Joint venture partner and operator, Beach Energy, has undertaken environmental evaluations of the survey area to ensure that all regulatory environmental objectives are met. The survey has been designed as a low footprint, low impact project with the aim of identifying and delineating potential natural gas reservoirs.

Guidance

The delay to installation of the OGPP solids filtration system will impact the upper end of the full-year FY22 guidance ranges for production, sales volume and underlying EBITDAX.

Higher third-party gas purchase costs have also impacted underlying EBITDAX. The recent curtailment of production at the Longford Gas Plant for maintenance restricted the availability of gas supply and increased spot gas prices in south-eastern Australia. This coincided with cessation of processing of Cooper Energy's Otway Basin gas at the Iona Gas Plant due to pipeline cutover activities for the Athena Gas Plant (as described above). The purchase of third-party gas has been required with some volumes purchased on the spot market at prevailing prices. APA continues to make contributions towards the cost of certain back-up gas supply, in accordance with the Transition Agreement.

The updated full-year FY22 guidance ranges are provided below:

FY22 guidance	FY21	Prior FY22 guidance	Revised FY22 guidance
Production	2.63 MMboe	3.0 – 3.6 MMboe	3.0 – 3.4 MMboe
Sales volume	3.01 MMboe	3.7 – 4.1 MMboe	3.7 – 4.0 MMboe
Underlying EBITDAX	\$30.0 million	\$60 – 70 million	\$53 – 63 million
Capital expenditure ¹	\$32.3 million	\$25 – 30 million	\$24 – 28 million

1. Capital expenditure guidance excludes expenditure for the Orbest Gas Processing Plant Phase 2B works (largely funded from escrowed funds); includes corporate expenditure on IT hardware and systems upgrades

Cooper Energy Managing Director, David Maxwell, said that recent increases in spot gas prices, which were largely due to restricted processing, demonstrate the tight gas supply situation in south-eastern Australia.

“The recent increase in spot gas prices highlights the important and valuable role Cooper Energy will play in bringing new gas supply to market.

“Gas sales from the Athena Gas Plant will commence soon, Phase 2B works at the Orbost Gas Processing Plant are to be undertaken next quarter, and discussions are underway for new long-term Gas Supply Agreements. Cooper Energy is well positioned to deliver material and sustainable growth from its existing asset portfolio”, Mr Maxwell said.

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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.