

18 July 2023

Key features

- **Record annual production in FY23:** up 8% to 3.56 MMboe
- **FY23 Guidance:** met revised production guidance, expect to meet revised u-EBITDAX based on unaudited results
- **Q4 FY23 production:** unchanged from the previous quarter at 0.87 MMboe
- **Orbost Gas Processing Plant:** operatorship transferred, performance improvement plan proceeding
- **Government policy:** new Gas Code released, Cooper Energy exempt from \$12/GJ price cap as a small producer

Comments from Managing Director and CEO, Jane Norman

“The Orbost Gas Processing Plant’s major hazard facility license and operatorship were successfully transferred to Cooper Energy on 22 May 2023, with no safety or operational issues. The newly formed Operations Taskforce has energised and focused the team, ensuring single point accountability to deliver operational excellence and safety.

“Pre-abandonment activities for the BMG program started in late June and were successfully completed in mid-July to ensure a ‘fast start’ when the Q7000 vessel arrives on location. We remain focused on executing the BMG decommissioning programme safely, within the minimum time possible and within the mid-case cost estimate. We continue to actively manage the risks, however some, such as a delay in receiving the Q7000 vessel, are outside Cooper Energy’s control.

“As a small producer, we are pleased that Cooper Energy is exempt from the \$12/GJ price cap in the new Gas Code released on 10 July. Our foundation gas contracts will also be exempt. Existing supply sources in Eastern Australia are forecast to decline, and we are confident that new growth opportunities, such as OP3D, are urgently needed to meet existing gas demand as well as enable firming gas power generation to complement variable renewables. New domestic gas supply close to market will help ensure reliable and affordable energy for Australian businesses and households.”

Key performance metrics

<i>\$ million unless indicated</i>	Jun Q4 FY22	Mar Q3 FY23	Jun Q4 FY23	Qtr on Qtr change	FY22	FY23	Change
Production (MMboe)	0.86	0.87	0.87	(0%)	3.31	3.56	8%
Sales volume (MMboe)	0.89	0.88	0.89	1%	3.83	3.59	(6%)
Average gas price (\$/GJ)	10.54	8.26	8.61	4%	8.24	8.59	4%
Sales revenue	61.9	46.9	48.9	4%	204.6	197.0	(4%)
Cash and cash equivalents	247.0	90.3	77.0	(15%)	247.0	77.0	(69%)
Net debt/(cash)	(89.0)	67.7	81.0	20%	(89.0)	81.0	(191%)

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Production

Record full year FY23 gas and oil production of 3.56 MMboe was 8% higher than the prior year, mainly due to increased gas production from Sole following improved year-on-year performance at the Orbost Gas Processing Plant (“OGPP”).

Quarterly gas and oil production was 0.87 MMboe, unchanged from Q3 FY23.

Production by product	Jun Q4 FY22	Mar Q3 FY23	Jun Q4 FY23	Qtr on Qtr change	FY22	FY23	Change
Sales gas (PJ)	5.1	5.1	5.1	(0%)	19.5	21.1	8%
Oil and condensate (kbbbl)	26.2	31.3	32.3	3%	125.2	120.2	(4%)
Total production (MMboe)	0.86	0.87	0.87	(0%)	3.31	3.56	8%

Gippsland Basin (Sole)¹

Sole gas production processed through OGPP was 4.2 PJ, or 46.3 TJ/d, 1.4% lower than the prior quarter of 46.9 TJ/d, due to the scheduled April shutdown.

Maintenance at OGPP was undertaken from 16 April to 21 April 2023 by APA. The planned annual shutdown was scheduled to undertake equipment integrity inspections and maintenance activities.

The plant was brought back online on 22 April, one day earlier than planned. Excluding this shutdown period, the average quarterly production was 49.6 TJ/d.

Cooper Energy’s technical and plant personnel continue to progress workstreams to stabilise and improve OGPP performance.

Of the six workstreams within the performance improvement plan, particular emphasis in Q4 FY23 included reduction in the outage duration of the weekly absorber cleans. This resulted in a circa 27% reduction in the time for an absorber clean, from 48 hours to 35 hours.

Focus also included restreaming and performance testing of the H₂S polisher. Changes made to the inert media, and to the quality control process of the media loading, have not resulted in improved uptime of the polisher. Work continues to embed these latest results and learnings, as part of the next phase of the performance improvement initiatives.

Otway Basin (Casino, Henry and Netherby)²

Casino, Henry and Netherby (CHN) gas production processed through Athena Gas Plant (AGP) was 0.9 PJ net share or 10.2 TJ/d, in line with the prior quarter. Production and operating expenses were impacted in the quarter by a mechanical failure on the C701 export gas compressor, which resulted in approximately 15 days of deferred production in May. The ensuing investigation and remediation work to the compressor is believed to have successfully solved a long-standing and systemic issue with a dry gas seal that has been present for over a decade.

Well cycling operations continue to be implemented to optimise production from the CHN fields.

Cooper Basin³

Oil production was 31.4 kbbbls net share, or 346 bbls/d, 3% higher than the prior quarter, mainly due to the incremental production from the new Rincon-4 well that came online on 3 June 2023.

¹ Cooper Energy 100% and operator

² Cooper Energy 50% and operator

³ Cooper Energy 25%, Beach Energy 75% and operator

Production by basin	Jun Q4 FY22	Mar Q3 FY23	Jun Q4 FY23	Qtr on Qtr change	FY22	FY23	Change
Gippsland Basin (Sole)							
Sales gas (PJ)	4.0	4.2	4.2	(0%)	15.2	17.2	13%
Otway Basin (CHN)							
Sales gas (PJ)	1.1	0.9	0.9	1%	4.3	3.9	(9%)
Condensate (kbbl)	0.98	0.84	0.82	(3%)	3.0	3.6	18%
Cooper Basin							
Oil (kbbl) ⁴	25.2	30.4	31.4	3%	122.2	116.7	(5%)
Total production (MMboe)	0.86	0.87	0.87	(0%)	3.31	3.56	8%

Exploration and development

Gippsland Basin

Exploration

An update on the prospective resource potential at the Manta Hub in retention licences VIC/RL13, 14 and 15, and exploration permit VIC/P80, was provided during the quarter. The combined mean unrisks prospective resource potential from Manta Deep, Gummy Deep (VIC/RL13), Chimaera East (VIC/RL15) and Wobbegong (VIC/P80), is 1.3 Tcf of natural gas and 30 MMbbl of condensate.

VIC/P80 seismic mapping is ongoing, focusing on additional prospectivity in the block.

OGPP operatorship and integration

Transfer of OGPP operatorship, from APA to Cooper Energy, occurred on 22 May 2023 following confirmation from WorkSafe Victoria of the transfer of the major hazard facility licence. Relevant pipeline and environmental licences were also transferred.

The contract workforce engaged on the transition of operatorship have completed their work, which will be reflected in future cashflow.

BMG abandonment

The Helix Q7000 intervention vessel has commenced well abandonment work in New Zealand and is expected to start the BMG work in September. The rig was contracted in September 2020 to perform the works, locking in rates at that time. A BMG pre-abandonment work programme commenced in June and was successfully completed in mid-July, ensuring a 'fast start' when the Q7000 arrives on location.

The mid case cost to complete the well abandonment is estimated to be \$193-\$198 million on a 100% gross basis, with approximately \$27.9 million of this incurred in FY23.

Cooper Energy continues to pursue its Victorian Supreme Court claim against PT Pertamina Hulu Energi ("Pertamina") for Pertamina's 10% share of the BMG decommissioning costs. These costs relate to decommissioning of the wells and related subsea infrastructure of the BMG oil project. Pertamina participated in the BMG oil project during its production life and Cooper Energy's claim against Pertamina arises with respect to their obligations under the withdrawal and abandonment provisions of the BMG oil project joint operating and production agreement.

Otway Basin (Offshore)

Otway Phase 3 Development (OP3D) front end engineering and design work was completed in Q4 FY23, based on a three well development plan. The project is positioned to re-start and proceed to sanction as soon as conditions permit, most particularly Otway joint venture partner support, substantial progress of the BMG abandonment programme, and higher average processing rates and revenues at OGPP as a result of

⁴ Cooper Basin production data is preliminary for the current quarter, awaiting June reconciled data

the performance improvement plan. Otway growth will be funded from organic cash generation, supported by existing committed senior secured bank debt as well as the \$120 million accordion facility.

To enable future drilling as part of OP3D, Cooper Energy has worked with other operators in the region to secure a drilling rig. A significant milestone was reached during the quarter, with the Transocean Equinox rig contracted across four separate operators including Cooper Energy. The contract is expected to commence in Q1 FY25, with Cooper Energy confirming one firm well expected to be drilled in Q4 FY25. The Cooper Energy contract also includes options to drill subsea development wells and/or exploration/appraisal wells.

Growth in the Otway provides the opportunity to tie back new resources to Cooper Energy's existing gas processing infrastructure at the AGP, which has ~150 TJ/d of total capacity and current utilisation of ~25 TJ/d.

Otway Basin (Onshore)

Processing of the PEL 494⁵ Dombey 3D seismic survey progressed during the quarter with preliminary work indicating good quality data, and the final 3D data due in Q1 FY24. Interpretation of the 3D seismic data will delineate the resource potential of the Dombey gas field and identify potential new exploration opportunities.

Reprocessing of the existing 3D seismic surveys within PEP 168⁶ is also expected to be completed in Q1 FY24.

Cooper Basin

The Bangalee oil field came online in February and continues to produce in line with expectations. The Rincon-4 McKinlay horizontal well came online on 3 June and is currently producing 300-350 bbls/d, although constrained by trucking capacity.

The Callawonga-23 McKinlay horizontal well is expected to come online in Q1 FY24.

Subsurface work continues ahead of the next programme of exploration drilling, expected to occur in H1 FY24.

Financial

Production/sales volume and revenue

Total Q4 FY23 gas and oil volumes sold of 0.89 MMboe were 1% higher than the previous quarter of 0.88 MMboe. With scheduled maintenance at OGPP, and flat quarter-on-quarter production at AGP, this resulted in an increase in gas purchases from 83 TJ in Q3 FY23 to 135 TJ in Q4 FY23. Throughout the quarter in the Gippsland Basin, surplus gas supply relative to the Sole term contracts resulted in spot gas sales of 309 TJ (Q3 FY23: 339 TJ).

Total gas sales revenue was 5% higher at \$45.4 million, due to a 4% higher average realised gas price across both basins of \$8.61/GJ (Q3 FY23 \$8.26/GJ). The higher average realised gas price in Q4 FY23 was largely due to higher average spot prices of \$11.64/GJ (Q3 FY23 \$9.84/GJ); during the quarter 94% of gas was sold into Gas Sales Agreements at an average contract price of \$8.28/GJ, with the remainder sold on spot (Q3 FY23: 93%).

As agreed with a key Sole customer in October 2021, all of Cooper Energy's CHN production is sold to that customer at contract prices from 1 January 2023. As a result, average CHN realised prices fell to A\$7.48/GJ in H2 FY23 (H1 FY23: A\$10.20/GJ).

PEL92 production for Q4 FY23 was 346 bbls/d (Q3 FY23: 340 bbls/d), with volumes sold of 25,470 bbls (Q3 FY23: 26,418 bbls) at an average oil price realisation of A\$130.29/bbl (Q3 FY23: A\$130.31/bbl).

Total liquids revenue, including condensate, was \$3.5 million in the quarter (Q3 FY23 \$3.7 million). Crude oil inventory at 30 June 2023 was 26,976 bbls (31 March 2023: 22,772 bbls).

As outlined in the previous quarterly reports, changes to the crude oil marketing arrangements came into effect on 1 July 2022. The change in methodology makes comparisons difficult when comparing FY22 and FY23 data and explains the variance in oil sales in the table below.

⁵ Cooper Energy 30%, Beach Energy 70% and operator

⁶ Cooper Energy 50%, Beach Energy 50% and operator

		Jun Q4 FY22	Mar Q3 FY23	Jun Q4 FY23	Qtr on Qtr change	FY22	FY23	Change
Sales volume								
Gas	PJ	5.3	5.2	5.3	2%	22.7	21.4	(6%)
Oil	kbbl	25.4	26.4	25.5	(3%)	123.6	88.1	(29%)
Condensate	kbbl	1.0	0.7	0.8	14%	3.0	3.4	13%
Total sales volume	MMboe	0.89	0.88	0.89	1%	3.83	3.59	(6%)
Sales revenue (\$ million)								
Gas ⁷		56.4	43.2	45.4	5%	187.0	184.0	(2%)
Oil and condensate		5.5	3.7	3.5	(5%)	17.6	13.0	(26%)
Total sales revenue		61.9	46.9	48.9	4%	204.6	197.0	(4%)
Average realised prices								
Gas	\$/GJ	10.54	8.26	8.61	4%	8.24	8.59	4%
Oil and condensate	\$/boe	165.38	130.31	130.29	0%	129.14	136.59	6%

The tables below summarise GSA sales and gas sources utilised to service term contract customer requirements.

Sole GSA sales and sources		Mar Q3 FY23	Jun Q4 FY23		Mar Q3 FY23	Jun Q4 FY23
Sole GSA sales	PJ	4.0	4.0	TJ/d (average)	44	44
Sole spot sales	PJ	0.3	0.3⁸	TJ/d (average)	4	4
<i>Comprising:</i>						
OGPP processing	PJ	4.2	4.2	TJ/d (average)	47	47
Third-party gas purchases	PJ	0.1	0.1⁹	TJ/d (average)	1	1

CHN GSA sales and sources		Mar Q3 FY23	Jun Q4 FY23		Mar Q3 FY23	Jun Q4 FY23
CHN GSA sales	PJ	1.0	1.0	TJ/d (average)	10	10

Capital expenditure

Q4 FY23 capital expenditure incurred of \$9.3 million was similar to the prior quarter. Following the Federal Government's gas market intervention, capital expenditures on exploration and OP3D were reduced. Higher quarterly development expenditure is due to spend in the Cooper Basin and OGPP integration costs.

\$ million	Jun Q4 FY22	Mar Q3 FY23	Jun Q4 FY23	Qtr on Qtr change	FY22	FY23	Change
Exploration and appraisal	2.1	5.5	3.3	(40%)	5.2	23.9	360%
Development	2.6	3.6	6.0	67%	14.1	17.3	23%
Total capital expenditure	4.7	9.1	9.3	2%	19.3	41.2	113%

⁷ Includes sale of third-party gas purchases

⁸ Sole spot sales were 309 TJ in Q4 FY23 (Q3 FY23: 339 TJ)

⁹ Third-party gas purchases were 135 TJ in Q4 FY23 (Q3 FY23: 83 TJ)

By basin, \$ million	Q4 FY23			FY23		
	Exploration	Development	Total	Exploration	Development	Total
Otway Basin	2.2	0.5	2.7	17.6	0.2	17.8
Gippsland Basin	0.8	3.4	4.2	5.5	12.8	18.3
Cooper Basin	0.3	1.9	2.2	0.8	3.4	4.2
Other	-	0.2	0.2	-	0.9	0.9
Total capital expenditure	3.3	6.0	9.3	23.9	17.3	41.2

Liquidity

As at 30 June 2023, Cooper Energy had cash reserves of \$77.0 million (Q3 FY23: \$90.3 million), with drawn debt unchanged at \$158.0 million (Q3 FY23: \$158.0 million), as summarised below.

\$ million	Jun Q4 FY22	Mar Q3 FY23	Jun Q4 FY23	Qtr on Qtr change	FY22	FY23	Change
Cash and cash equivalents	247.0	90.3	77.0	(15%)	247.0	77.0	(69%)
Drawn debt	158.0	158.0	158.0	0%	158.0	158.0	0%
Net debt/(cash)	(89.0)	67.7	81.0	20%	(89.0)	81.0	(191%)

Whilst revenue generated for the quarter was \$48.9 million, up 4% from Q3 FY23, the following items impacted quarterly cash generation versus Q3 FY23, among others:

- higher cash spend on operating costs of \$1.8 million, impacted by the 7-day mechanical failure on the export gas compressor at AGP, costs associated with the planned 7-day maintenance shutdown at OGPP, absorber cleans and polisher media change outs at OGPP, as well as costs associated with increased technical resourcing and leadership transition;
- higher spend on decommissioning of \$9.5 million, primarily associated with the ramp up of work on BMG;
- higher cash spend on capital expenditure of \$0.5 million, elevated due to costs associated with the MHFL transfer at OGPP and development activity in the Cooper Basin; and
- net increase in working capital of \$2.0 million.

Guidance

Revised full year guidance for FY23 has been achieved for production; 3.56 MMboe versus guidance of 3.53 – 3.56 MMboe. The preliminary unaudited estimate for FY23 u-EBITDAX is around \$109 million, just above the mid-point of the revised guidance range of \$106 – 111 million. FY23 capex (inclusive of the OGPP integration costs included in opex), is expected to fall just below the guidance range of \$47 – 52 million, with the preliminary unaudited estimated spend around \$45 million.

Commercial, corporate and subsequent events

Company Secretary and General Counsel

As announced on 17 July, Ms Nicole Ortigosa has been appointed as Company Secretary and General Counsel effective 17 July 2023. Ms Ortigosa was appointed Acting Company Secretary and General Counsel on 21 April 2023.

Ms Ortigosa joined Cooper Energy in 2017 and brings nearly 15 years' experience in corporate law, specialising in energy and resources.

Non-Executive Director Retirement

As previously reported on 24 May, Mr Hector Gordon informed the company of his intention to retire as Non-Executive Director effective 23 June 2023. Mr Gordon joined Cooper Energy as an Executive Director in 2012 following Cooper Energy's takeover of Somerton Energy where Mr Gordon was the Managing Director. Mr Gordon has been a Non-Executive Director since 2017.

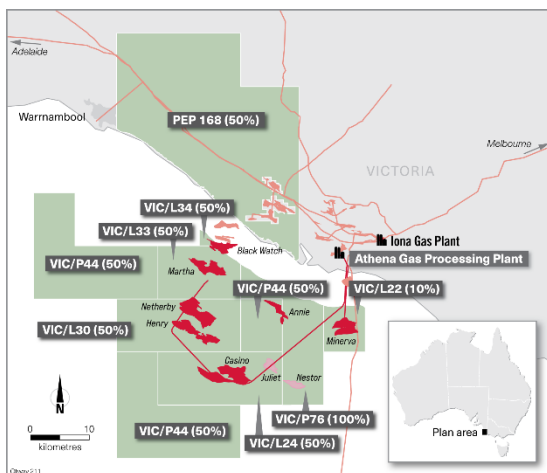
Government Policy

On 10 July 2023 the Federal Government released the Competition and Consumer (Gas Market Code) Regulations 2023, finalising the new mandatory gas code. Under the policy Cooper Energy qualifies as a small domestic producer and is exempt from the pricing provisions within the code including the \$12/GJ price cap for any gas sales made from 2024.

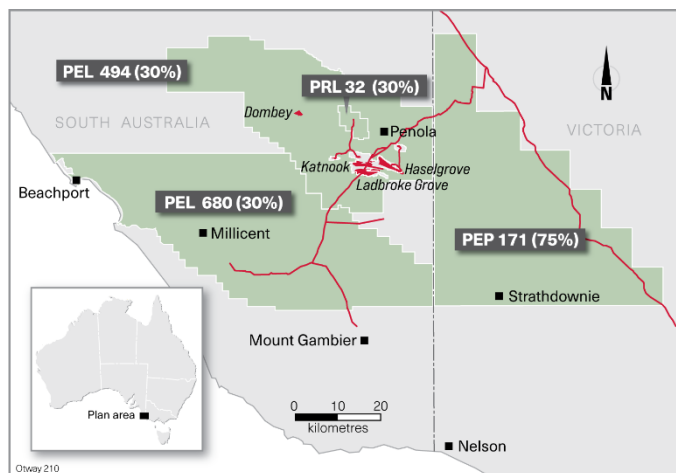
Cooper Energy tenements

Please refer to Cooper Energy's 2022 Annual Report for further information regarding tenement interests.

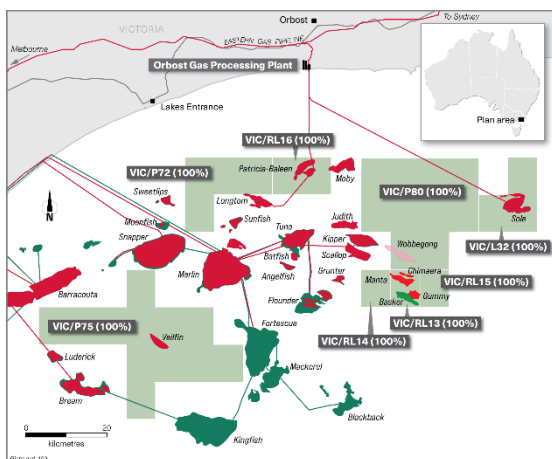
Otway Basin (Victoria):



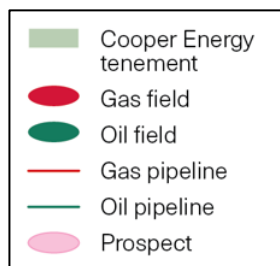
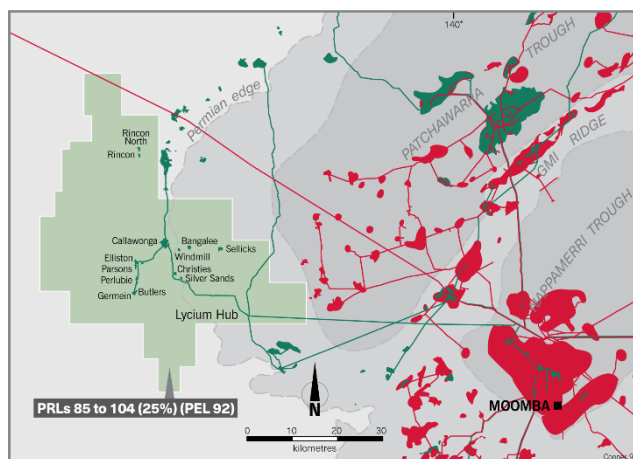
Otway Basin (onshore):



Gippsland Basin:



Cooper Basin:



Terms, abbreviations and conversion factors

Terms and abbreviations

\$	Australian dollars
APA	APA Group
bbls	Barrels
BMG	Basker, Manta and Gummy fields
CHN	Casino, Henry and Netherby fields
Cooper Energy or the Company	Cooper Energy Limited ABN 93 096 170 295
GSA	Gas Sales Agreement
H1/H2	First half or second half of prevailing financial year
kbbl	Thousand barrels
MHFL	Major Hazard Facility License
MMboe	Million barrels of oil equivalent
OP3D	Otway Phase 3 Development
PEL	Petroleum Exploration Licence
PEP	Petroleum Exploration Permit
PJ	Petajoules
TJ	Terajoules of gas
TJ/d	Terajoules of gas per day

Conversion factors

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

Disclaimer

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