

27 January 2022

Key features

- **Athena Gas Plant sales commence after successful commissioning and pipeline cut over**
- **Orbost Gas Processing Plant performance improving:** 40 TJ/day average processing rate (Q1 FY22: 39 TJ/day) and 50TJ/day from 1 January between absorber cleans
- **Record Year to Date production sales volume, and revenue:** YTD production up 35% to 1.57 MMboe, sales volume up 67% to 2.02 MMboe and revenue up 96% to \$95.4 million
- **Quarterly production, sales volume, and revenue:** total production down 6% to 0.76 MMboe, sales volume down 4% to 0.99 MMboe and revenue down 2% to \$47.3 million; mainly impacted by planned downtime associated with the cut over from the Iona Gas Plant to the Athena Gas Plant
- **Orbost Gas Processing Plant Phase 2B works remain on schedule for mid Q3 FY22**
- **Reduced requirement for third party gas purchases from January 2022**

Comments from Managing Director, David Maxwell

“Cooper Energy continued to build strong momentum from FY21 with significant milestones achieved in the December quarter.

“The successful commissioning of the Athena Gas Plant was completed in December and is now processing our Casino, Henry and Netherby gas, with work ongoing to optimise the processing rates. Cooper Energy is now an established gas plant operator, creating the opportunity for synergies that complement our offshore gas field expertise and gas sales portfolio position.

“The optimisation of processing at the Orbost Gas Processing Plant has resulted in a higher average processing rate. Operational improvements at Orbost continued into January with a stable processing rate of 50TJ/d from 1 January with the cleaning intervals of the two sulphur absorbers significantly extended.

“The combination of these events and the reprofiled customer terms for Sole gas sales from 1 January means Cooper Energy can reduce its requirement for third-party gas purchases and increase opportunities for spot gas sales in a tight gas market” Mr Maxwell said.

Key performance metrics

<i>\$ million unless indicated</i>	Dec. Q2 FY21	Sep. Q1 FY22	Dec. Q2 FY22	Qtr on Qtr change	FY21 YTD	FY22 YTD	Change
Production (MMboe)	0.49	0.81	0.76	(6%)	1.16	1.57	35%
Sales volume (MMboe)	0.53	1.03	0.99	(4%)	1.21	2.02	67%
Sales revenue	24.6	48.1	47.3	(2%)	48.6	95.4	96%
Cash and cash equivalents	115.3	95.9	92.2	(4%)	115.3	92.2	(20%)
Net Debt	114.1	115.1	111.8	(3%)	114.1	111.8	(2%)
Ave. gas price (\$/GJ)	7.27	7.41	7.47	1%	6.35	7.44	17%

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Financial

Sales volume and revenue

Sales volume of 0.99 MMboe was 4% lower than the prior quarter mainly due to the temporary shut in of Casino Henry Netherby (CHN) production during the cut over to the Athena Gas Plant. Sole gas sales remaining steady with the previous quarter at 5.5 PJ (59 TJ/day average). Sales revenue of \$47.3 million was 2% lower than the prior quarter. The average realised gas price was slightly up to \$7.47/GJ, and the average realised oil and condensate price up 20% to \$106.9/boe.

		Dec. Q2 FY21	Sep. Q1 FY22	Dec. Q2 FY22	Qtr on Qtr change	FY21 YTD	FY22 YTD	Change
Sales volume								
Gas ¹	PJ	3.0	6.1	5.9	(3%)	6.9	11.9	72%
Oil	kbbbl	39.0	33.9	33.5	(1%)	79.7	67.4	(15%)
Condensate	kbbbl	0.5	0.6	0.3	(50%)	1.0	0.9	(10%)
Total sales volume	MMboe	0.53	1.03	0.99	(4%)	1.21	2.02	67%
Sales revenue (\$ million)								
Gas ¹		21.8	45.0	43.7	(3%)	43.6	88.7	103%
Oil and condensate		2.8	3.1	3.6	16%	5.0	6.7	34%
Total sales revenue		24.6	48.1	47.3	(2%)	48.6	95.4	96%
Ave. realised prices								
Gas	\$/GJ	7.27	7.41	7.47	1%	6.35	7.44	17%
Oil and condensate	\$/boe	70.9	88.9	106.9	20%	62.0	97.8	58%

1. Includes sale of third-party gas purchases of 1.3 PJ in Q1 FY22 and 1.4 PJ in Q2 FY22

The table below summarises Sole GSA sales and gas sources utilised to service Sole customer requirements.

Sole GSA sales and gas sources		Sep. Q1 FY22	Dec. Q2 FY22		Sep. Q1 FY22	Dec. Q2 FY22
Sole GSA sales	PJ	5.5	5.5	TJ/day (average)	59	59
<i>Comprising:</i>						
OGPP processing	PJ	3.6	3.7	TJ/day (average)	39	40
Otway Basin supply	PJ	0.6	0.4	TJ/day (average)	6	4
Third-party gas purchases	PJ	1.3	1.4	TJ/day (average)	14	15

Third-party gas purchases accounted for 25% of total Sole gas sales volume during the quarter (Q1 FY22: 22%). The slight increase in the December quarter was attributed to less gas portfolio coverage from the CHN fields. All customer nominations were met during this period.

The average purchase price of third-party gas supply for the quarter was \$7.76 per gigajoule net of APA contributions. Short-term gas supply availability and prices remained volatile through the quarter, with Victoria spot prices ranging from \$6.88/GJ to \$15.50/GJ¹ at an average \$10.02/GJ. Cooper Energy optimised multiple back up supply sources particularly in periods when APA undertook the Orbest Gas Processing Plant absorber cleans (owned and operated by APA Group (ASX: APA)), and during the CHN outage while transitioning gas

¹Source: AEMO website

processing from the Iona Gas Plant to the Athena Gas Plant (owned by Cooper Energy (50% and operator) and Mitsui E&P Australia Pty Ltd (25%) and Peedamullah Petroleum Pty Ltd (25%)).

The forecast for the remainder of FY22 is for materially lower third-party purchases due to:

- new arrangements with AGL effective from 1 January 2022 that reduce the Sole Annual Contract Quantity (ACQ) as announced on 13 September 2021
- Orbest Gas Processing Plant performance has improved to 50TJ/d and the Phase 2 works are expected to reduce the requirement for absorber cleans resulting in a higher average processing rate; and
- firm gas processing via Athena eliminating exposure to interruptions as experienced at the Iona Gas Plant.

These factors also increase the opportunity for surplus gas supply above contractual commitments for sale into the spot market, or under short term contractual arrangements.

Capital expenditure

Incurred capital expenditure of \$5.8 million was the same as the prior quarter, with the majority of spend related to the Athena Gas Plant. Further commentary is contained in the *Exploration and development* section commencing on page 5.

\$ million	Dec. Q2 FY21	Sep. Q1 FY22	Dec. Q2 FY22	<i>Qtr on Qtr change</i>	FY21 YTD	FY22 YTD	<i>Change</i>
Exploration and appraisal	1.0	0.5	0.9	80%	1.8	1.4	(22%)
Development	10.6	5.3	4.9	(8%)	15.2	10.2	(33%)
Total capital expenditure	11.6	5.8	5.8	0%	17.0	11.6	(32%)

By basin	Dec. Q2 FY22		
\$ million	Exploration	Development	Total
Otway Basin	0.6	4.3	4.9
Gippsland Basin	0.0	0.0	0.0
Cooper Basin	0.3	0.4	0.7
Other	0.0	0.2	0.2
Total capital expenditure	0.9	4.9	5.8

Liquidity

As at 31 December 2021, Cooper Energy had cash reserves of \$92.2 million (Q1 FY22: \$95.9 million) and drawn debt of \$204.0 million (Q1 FY22: \$211.0 million), as summarised below.

\$ million	Dec. Q2 FY21	Sep. Q1 FY22	Dec. Q2 FY22	<i>Qtr on Qtr change</i>	FY21 YTD	FY22 YTD	<i>Change</i>
Cash and cash equivalents	115.3	95.9	92.2	(4%)	115.3	92.2	(20%)
Drawn debt	229.4	211.0	204.0	(3%)	229.4	204.0	(11%)
Net debt	114.1	115.1	111.8	(3%)	114.1	111.8	(2%)

Material impacts on cash reserves during the quarter included²:

- customer receipts less payments to suppliers of ~\$13 million
- quarterly debt principal repayment of \$7.0 million and net interest payments (including leases) of \$2.6 million
- rehabilitation costs and Petroleum Resource Rent Tax payments of \$1.0 million; and
- capital expenditure of \$6.5 million

Hedging

For the quarter ending 31 December 2021 Cooper Energy had a total of 30,942 bbl of oil production hedged, with a floor price of US\$70/bbl and a cap price of US\$79/bbl. The Company currently has no oil hedges in place.

Guidance

The guidance for FY22 remains unchanged. However, the operational improvements that have led to higher stable Orbost Gas Processing Plant processing rates are anticipated to favourably impact the Company's production, sales volume and Underlying EBITDAX.

FY22 guidance ranges are provided below:

FY22 guidance	FY21	FY22 guidance
Production	2.63 MMboe	3.0 – 3.4 MMboe
Sales volume	3.01 MMboe	3.7 – 4.0 MMboe
Underlying EBITDAX ¹	\$30.0 million	\$53 – 63 million
Capital expenditure ²	\$32.3 million	\$24 – 28 million

¹ EBITDAX excludes any benefits that would arise due to commencement of lease accounting associated with the Sole Gas Processing Agreement with APA during the period which would reclassify a portion of processing charges to depreciation and interest

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

Production

Quarterly oil and gas production of 0.76 MMboe was 6% lower than the prior quarter, mainly due to the CHN gas planned downtime whilst transitioning gas processing to the Athena Gas Plant.

Gippsland Basin (Sole)

Sole gas production of 3.7 PJ was 3% higher than the prior quarter. Average production of 40 TJ/day compares with 39 TJ/day during the prior quarter.

October production was impacted by a lower average gas processing rate due to operational trials during implementation of the agreed Phase 2B scope for the spray distribution nozzles in each sulphur absorber. The lower rate in October was slightly more than offset by the higher average gas processing rate after the operational trials, which reflected an extension of the absorbers' operating cycles and an increase in stable gas processing rate between absorber cleans up to 48TJ/d from 16 December. From 1 January 2022, the gas processing rate increased to 50TJ/d and was held stable until 19 January for the next back-to-back absorber

² Figures unaudited and subject to change

cleans. Gas processing rates returned to 50 TJ/d on 25 January post the absorber cleans and is expected to continue at this rate until Phase 2B works commence in late February.

The Sole gas field continues to perform in line with expectations.

Otway Basin (Casino, Henry and Netherby)

CHN gas production of 0.8 PJ was 37% lower than the prior quarter. Average production of 8 TJ/day compares with 13 TJ/day during the prior quarter. The decrease this quarter was due to the planned downtime associated with the cessation of gas processing at the Iona Gas Plant (owned and operated by Lochard Energy), the pipeline cutover and commissioning of the Athena Gas Plant. The production outage was from 13 November to 15 December when gas sales recommenced.

Cooper Basin

Oil production of 31.1 kbbl was 10% lower than the prior quarter, mainly due to natural field decline. Production from PEL 92 contributed 29.9 kbbl (Q1 FY22: 33.6 kbbl) and the Worrior field in PPL 207 contributed 1.2 kbbl (Q1 FY22: 1.1 kbbl).

Production by product		Dec. Q2 FY21	Sep. Q1 FY22	Dec. Q2 FY22	Qtr on Qtr change	FY21 YTD	FY22 YTD	Change
Sales gas	PJ	2.7	4.8	4.4	(8%)	6.6	9.2	39%
Oil and condensate	kbbl	40.7	35.3	31.6	(10%)	82.1	66.9	(19%)
Total production	MMboe	0.49	0.81	0.76	(6%)	1.16	1.57	35%

Production by basin		Dec. Q2 FY21	Sep. Q1 FY22	Dec. Q2 FY22	Qtr on Qtr change	FY21 YTD	FY22 YTD	Change
Gippsland Basin (Sole)								
Sales gas	PJ	1.4	3.6	3.7	3%	3.9	7.3	87%
Otway Basin (CHN)								
Sales gas	PJ	1.3	1.2	0.8	(37%)	2.7	1.9	(27%)
Condensate	kbbl	0.5	0.6	0.5	(17%)	1.0	1.1	10%
Cooper Basin								
Oil	kbbl	40.2	34.7	31.1	(10%)	81.1	65.8	(19%)
Total production	MMboe	0.49	0.81	0.76	(6%)	1.16	1.57	35%

NB. Preliminary Cooper Basin production data for the current quarter

Exploration and development

Gippsland Basin

Development

Orbost Gas Processing Plant

The Phase 2B works at Orbost Gas Processing Plant have been ongoing throughout the quarter. The Cooper Energy endorsed Phase 2B scope of work aims to improve plant reliability and sustainable production rates by:

- implementation of spray nozzles in the sulphur absorbers to mitigate foaming; and

- installation of solids removal technology to prevent fouling within the sulphur absorbers

Subsequent to the trial and testing of the spray nozzles early in the quarter, both spray nozzles were removed to allow for further assessment focused on optimising spray distribution to minimise foaming. The existing liquid distribution assembly was re-installed back into the absorbers at this time. Re-installation of the spray nozzles is expected following completion of the installation and commissioning of the solids removal equipment.

Installation of the solids removal system remains on schedule to commence in the March quarter. Equipment has commenced delivery to site and preparations for installation are underway.

Continued optimisation of the process parameters of the gas plant have led to an increase in the processing rate between absorber cleans to 48TJ/d from 16 December and up to 50TJ/d from 1 January. The interval between absorber cleans has also increased with the last interval for absorbers 1 and 2 achieving 29 days and 39 days respectively; a significant improvement from the previous 21-day cycle.

Exploration

The exploration focus in the Gippsland Basin has been on VIC/RL13, 14 and 15 and VIC/P75. Work is ongoing to assess the prospectivity of the discovered Gummy field volumes and the deeper Gummy prospect. Gummy is within four kilometres of the Manta field, which has the additional Manta Deep prospect. Studies in VIC/P75 are focused on the Spineback prospect.

BMG abandonment

The BMG abandonment project involves decommissioning seven wells and associated subsea infrastructure in the Basker, Manta and Gummy (BMG) fields in the Gippsland Basin. The BMG permits contain the proven Manta gas field and the Manta Deep prospect.

The BMG abandonment project is currently in FEED, with activities focused on selecting optimal methodologies and technologies for safe and cost-effective delivery of the decommissioning objectives. Details of scope of works and cost estimates will be announced at FID, which is expected in FY22.

The plan is to plug the BMG wells by no later than 31 December 2023 and remove the remaining infrastructure by no later than 31 December 2026.

Otway Basin (Offshore)

Development

Athena Gas Plant Project

The Athena Gas Plant Project achieved a critical milestone, with first gas from the CHN fields introduced to the plant on 10 December. This followed successful cutover of the pipeline from the Iona Gas Plant to the Athena Gas Plant, which was completed on schedule. First gas sales to customers commenced on 15 December.

Ramp-up of gas processing at Athena Gas Plant has occurred through early January and processing rates of 28TJ/d from the CHN fields has been achieved. Work on optimising well deliverability to further increase processing rates is ongoing.

The upgrade and recommissioning activities undertaken by Cooper Energy as part of the Athena Gas Plant Project included:

- replacement of three gas turbines
- more than 130 vessel inspections
- replacement of the fire water tank and heat shield
- upgrades to the control system
- modification of the compressors to improve low pressure delivery capacity
- redirection of the onshore pipeline from the Iona Gas Plant to the Athena Gas Plant
- receipt of a Major Hazard Facility licence plus numerous regulatory and landholder approvals

- recruitment of 20 permanent operations staff and various contractors for project delivery; and
- implementation of competency and training programs.

These activities demonstrate the Company's project delivery and gas plant operation capabilities.

Otway Phase-3 Development Project

The OP3D project involves development of the Annie gas discovery and Henry gas field through the Athena Gas Plant. OP3D is currently in the Develop phase and preparing to enter detailed FEED. The timing for a FID will be made having regard to optimisation for market timing, drilling rig availability and funding optimisation. In parallel, low-risk exploration targets will be assessed for potential value enhancement of the future Otway Basin development program.

Exploration

Reprocessing of 3D seismic data covering VIC/P76, VIC/P44, VIC/L24, VIC/L30, VIC/L33 and VIC/L34 was completed in the September quarter. Review and interpretation of the reprocessed data is continuing. The key offshore Otway prospects, Elanora, Juliet, Nestor and Isabella, all show strong seismic amplitude support for the presence of gas. The prospects are located close to the existing production infrastructure. Testing the gas potential of these exploration prospects will be assessed for inclusion in future drilling campaigns.

Otway Basin (Onshore)

Exploration

The Dombey 3D seismic survey in PEL 494 in the onshore Otway Basin commenced on 16 December and is scheduled for completion in Q3 FY22. The area being surveyed is located approximately 15 kilometres west of Penola and covers 165 square kilometres.

In PEP 171, onshore western Victoria, the moratorium on hydrocarbon exploration was lifted. The Operator, Vintage Energy, is commencing studies and stakeholder engagements required to support the acquisition of a future 3D seismic survey.

Cooper Basin

Exploration

In PEL 92, onshore Cooper Basin, South Australia, interpretation of the reprocessed 3D seismic has highlighted several new exploration prospects. Drilling of the high graded prospects is currently scheduled for the first half of 2022.

Commercial, corporate and subsequent events

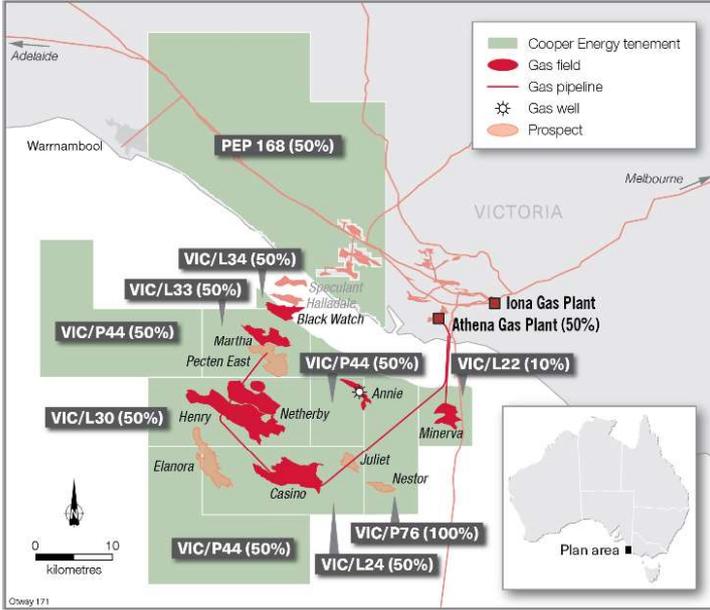
Executive leadership changes

On 24 December 2021, Cooper Energy announced the appointment of Mr Daniel Young in the role of Chief Financial Officer (CFO), effective May 2022.

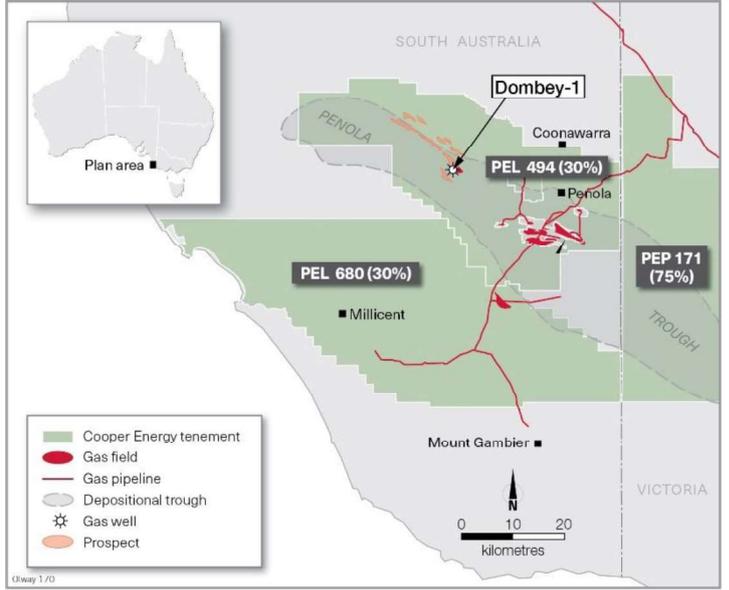
Cooper Energy tenements

Please refer to Cooper Energy's 2021 [Annual Report](#) for further information regarding tenement interests.

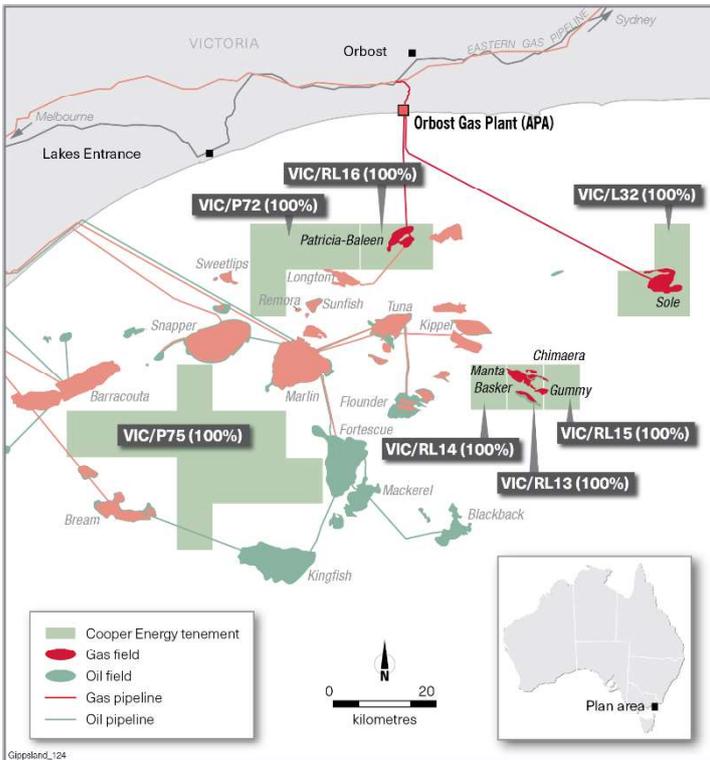
Otway Basin (Victoria):



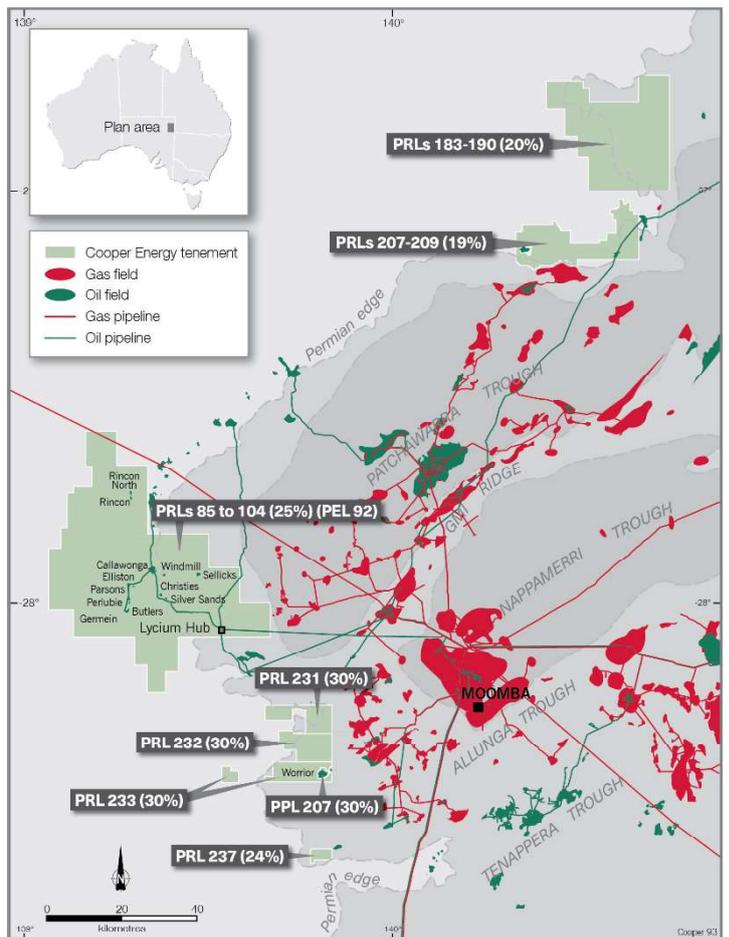
Otway Basin (onshore):



Gippsland Basin:



Cooper Basin:



Terms, abbreviations and conversion factors

Terms and abbreviations

\$	Australian dollars
APA	APA Group (ASX: APA)
bbl	Barrels
Bcf	Billion cubic feet of gas
bopd	Barrels of oil per day
BMG	Basker, Manta and Gummy fields
CHN	Casino, Henry and Netherby fields
Cooper Energy	Cooper Energy Limited ABN 93 096 170 295
FEED	Front End Engineering and Design
FID	Final Investment Decision
GSA	Gas Sales Agreement
kbbl	Thousand barrels
km	Kilometres
m	Metres
MMboe	Million barrels of oil equivalent
MMscf/day	Million standard cubic feet of gas per day
n/m	Not meaningful
NOPTA	National Offshore Petroleum Titles Administrator
OP3D	Otway Phase 3 Development
PEL	Petroleum Exploration Licence
PEP	Petroleum Exploration Permit
PJ	Petajoules
PPL	Petroleum Production Licence
PRL	Petroleum Retention Lease
scf	Standard cubic feet of gas
TJ	Terajoules
YTD	Year to date

Conversion factors

Gas	1 PJ	= 0.163 MMboe
Oil	1 bbl	= 1 boe
Condensate	1 bbl	= 0.935 boe

Disclaimer

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