

30 October 2020

Sole GSAs commencement and Orbost plant work commitment

- APA and Cooper Energy commit to plant works at Orbost
- Sole term GSAs¹ to commence
- Sole GSAs initiation at 19.75 PJ/year ACQ²

Overview

Cooper Energy (ASX: COE) announces the Sole term gas supply agreements are to be commenced and joint commitment with APA Group (ASX: APA) to plant works to reconfigure the Orbost Gas Processing Plant. The plant is owned and operated by APA and has been upgraded to process gas from Cooper Energy's Sole gas field.

The commencement of the Sole gas supply agreements, in advance of the practical completion of the Orbost Gas Processing Plant is an outcome of the Transition Agreement between APA and Cooper Energy announced 23 August. The Transition Agreement has been amended to enable the commencement of Sole gas sales agreements.

Under the Transition Agreement, the parties committed to collaborate on a work program to enable commencement of firm supply from Sole at the earliest juncture and the practical completion of the Orbost Gas Processing Plant upgrade. The plant's performance has continued to be affected by the foaming issues reported previously. The work program includes modifications to increase plant throughput and uptime and continuation of root cause analysis of the foaming and potential remedies.

"We now have a clear timeline to the commencement of our Sole gas supply contracts" said Cooper Energy Managing Director, David Maxwell.

Initiation of Sole Gas Sales Agreements

Cooper Energy has advised customers it expects to initiate the agreements on 1 December 2020 and 1 January 2021. The agreements are expected to be initiated at a total Annual Contract Quantity (ACQ) of 19.75 PJ per annum (pa). This quantity compares with the longer-term aggregate ACQ of 22 PJ pa applicable from 2022 with take-or-pay quantities typically being 90% of the ACQ. Cooper Energy is putting in place supplementary supply arrangements to fulfil gas customer supply obligations if required.

Orbost Gas Processing Plant Performance and plans

Plant operations from 1 September to 21 October were directed to 2 objectives:

- trials to confirm plant capability to supply sales gas to specification through single absorber operation; and
- sampling and other trials to advance root cause analysis.

Performance during the single absorber trials has demonstrated that processing through two absorbers operating in parallel can sustain higher total sales gas supply than the current sequential processing configuration, albeit with ongoing fouling that will require periodic maintenance.

¹ Gas Supply Agreements

² Annual Contract Quantity

Front End Engineering and Design for the plant works to be conducted in November has been completed. The works include reconfiguration of the Orbost Gas Processing Plant to permit operations in either a parallel or sequential configuration, and for production through a single absorber should the other absorber be unavailable, such as for maintenance. This is expected to result in higher sustained production rates, and flexibility, than would be achieved if the plant remained in its current configuration.

Gross cost for these works is budgeted to be \$19 million. Cooper Energy will fund its 50% share of the expenditure from funds placed in escrow at the commencement of the Sole Gas Project. As these funds are not classified as cash, this expenditure has no impact on the company's cash reserves or net debt. The works are expected to commence mid-November and have a 3-week duration. Production from Sole will be shut in for this period.

The need for any further works, such as to remedy a root cause, and/or to upgrade sulphur removal capabilities and thereby reduce maintenance downtime and increase the sustainable gas processing capacity, will be considered in light of the findings of the ongoing root cause analysis and plant performance.

Comment	Investors	Media
David Maxwell	Don Murchland	Bindi Gove
Managing Director	Investor Relations	Head of External Affairs
+61 8 8100 4900	+61 439 300 932 don.murchland@cooperenergy.com.au	+61 406 644 913 bindi.gove@cooperenergy.com.au

Cooper Energy Limited (ASX: COE) is an ASX200 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, the Casino Henry operations in the offshore Otway Basin and undeveloped resources such as Manta and Annie.

Disclaimer: This ASX announcement contains 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.