ASX Announcement / Media Release

15 February 2021

Step-change in production underway

- **Record half year production and sales volumes on increased Sole production**: Production up 82% to 1.20 MMboe and sales volumes up 86% to 1.21 MMboe
- **Earnings impacted by Orbost performance**: Underlying EBITDAX down 40% to $9.7 million; underlying net loss after tax of $17.4 million (H1 FY20: $2.0 million loss)
- **Transition Agreement with APA enabled Sole gas sales agreements to commence**: Contracted gas volumes of 19.75 PJ in 2021 delivers step-change in production, revenue and cash flow
- **Orbost reconfigured for greater operational flexibility**: ~45 TJ/day since February 2021
- **Step-change in gas production**: Current total gas production rates of ~60 TJ/day, up ~60% on H1 FY21 average daily rate
- **Strong growth forecast**: FY21 production 2.7 – 2.9 MMboe (FY20: 1.56 MMboe) and sales volume 2.9 – 3.1 MMboe (FY20: 1.54 MMboe)
- **Net zero carbon emissions**: First domestic oil and gas producer to be carbon neutral
- **Growth projects on schedule**: Athena Gas Plant >40% complete with first gas expected in Q1 FY22
- Results webcast scheduled for 8.30am ACDT (Adelaide) / 9.00am AEDT (Sydney, Melbourne)

Cooper Energy (ASX: COE) has announced record production, record sales volumes and lower underlying earnings for the half year period ended 31 December 2020. Increased gas production from the Sole field underpinned an 82% increase in total production to 1.20 MMboe, while costs associated with reconfiguration and commissioning of the Orbost Gas Processing Plant (OGPP) contributed to a 40% decline in underlying EBITDAX to $9.7 million. An underlying net loss after tax of $17.4 million was recorded (H1 FY20: $2.0 million loss).

Managing Director David Maxwell said that 2020 was challenging but it has been an encouraging start to 2021 with a step-change in production and sales volumes now underway.

"Signing the Transition Agreement with APA and subsequent reconfiguration of the Orbost Gas Processing Plant were critical milestones during the first half of FY21. This enabled us to commence supply under our Sole gas sales agreements, providing a material uplift in sales volumes, realised pricing and cash flow.

"Current daily gas production rates of circa 60 TJ/day from our Gippsland and Otway Basin permits represent a roughly 300% increase on average daily rates this time last year. With production at Orbost stabilising, we have guided towards full year FY21 production of 2.7 – 2.9 MMboe (FY20: 1.56 MMboe) and sales volumes of 2.9 – 3.1 MMboe (FY20: 1.54 MMboe).

"With our acreage located for cost competitive supply to south-east customers and strong gas market fundamentals, Cooper Energy is ideally positioned to continue growing production, revenue and cash flow", Mr Maxwell said.

Transition Agreement and commencement of Sole gas sales agreements

Cooper Energy and APA (ASX: APA) entered into a Transition Agreement to provide the framework for commencing Sole gas sales agreements (GSAs) as early as possible (announced 23 August and 30 October 2020). The Transition Agreement provides for revenue and cost sharing mechanisms during commissioning of OGPP (owned and operated by APA), with APA to contribute towards costs incurred by Cooper Energy in sourcing alternative gas, if required, for the Sole GSAs.

The supply of Sole gas to Cooper Energy's utility and industrial customers commenced on 1 December 2020 and 1 January 2021. The GSAs total 19.75 PJ in 2021 (54 TJ/day average) and provide annual take-or-pay obligations for minimum supply equivalent to 49 TJ/day.

During H1 FY21, Cooper Energy recorded a $7.6 million expense for APA's share of revenue for Sole gas volumes sold on the spot market and a $3.1 million expense for Cooper Energy's share of associated operating costs. An $11.2 million accrual for OGPP reconfiguration and commissioning works was also recognised. Revenue and cost sharing expenses are expected to be materially lower in H2 FY21 due to completion of reconfiguration works and commencement of Sole GSAs and associated tolling arrangements.

OGPP reconfiguration works and commissioning

The performance of OGPP has been impaired by foaming in the sulphur recovery unit's two absorbers, which has required regular maintenance and cleaning. Works were undertaken by APA in November and December 2020 to reconfigure the absorbers to enable their operation either independently, in parallel or in series. This has provided greater operational flexibility and the ability to conduct periodic cleaning of absorbers when required whilst minimising interruption to production.

Since the re-start and testing of both absorbers in January 2021, the plant has achieved production in parallel absorber mode of ~45 TJ/day.

Cooper Energy and APA are focused on increasing production to achieve 68 TJ/day. Technical experts are progressing the work in a very systematic way to determine the root cause of the foaming and sulphur build-up.

Financial results

The results for the period were impacted by costs associated with reconfiguration and commissioning of OGPP. The underlying EBITDAX was down 40% to $9.7 million and an underlying net loss after tax of $17.4 million was recorded (H1 FY20: $2.0 million loss).

Capital expenditure was significantly lower due to completion of the Sole gas development. Incurred capital expenditure of $17.0 million was 73% lower than the prior corresponding period.

Cooper Energy is in a sound financial position with $115 million in cash reserves at 31 December 2020. The company has the continued support of its lenders. Adjustments to the debt facility are targeted by financial year end.

FY21 full year guidance

Cooper Energy is guiding towards material growth in production and sales volumes for the second half of FY21. This is driven by improved performance of OGPP, commencement of Sole GSAs and the Transition Agreement with APA. Full year FY21 guidance is set out in the table below and further information is contained in the half year results presentation released today.

	FY20	**FY21 full year guidance**
Production	1.56 MMboe	**2.7 – 2.9 MMboe**
Sales volumes	1.54 MMboe	**2.9 – 3.1 MMboe**
Capital expenditure[1]	$76 million	**$45 – 50 million**

[1] FY21 guidance excludes abandonment costs and expenditure for OGPP reconfiguration and commissioning works and includes corporate capital expenditure

Results webcast

Cooper Energy's Managing Director David Maxwell will lead a webcast today to discuss the FY21 half year results.

- **Time**: 8.30am ACDT (Adelaide) / 9.00am AEDT (Sydney, Melbourne)
- **Date**: Monday, 15 February 2021
- **Webcast link** (listen only): Webcast link
- **Registration link** (for Q&A participation): Registration link

A recording of the webcast will be available via the webcast link and the Cooper Energy website during the afternoon of 15 February 2021.

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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.