

23 August 2021

## Strong momentum to continue in FY22

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- **Record sales and revenue:** sales volume up 94% to 3.01 MMboe; revenue up 69% to \$132 million
- **Record production:** up 69% to 2.63 MMboe
- **Sole Gas Sales Agreements driving improved gas returns:** ~\$50 million cash margin from the Otway and Gippsland basins<sup>1</sup>; Sole cash margin kept broadly whole<sup>2</sup>
- **Strong second-half momentum to continue:** expect material growth in FY22
  - Sales volume guidance of 3.7 – 4.3 MMboe (FY21: 3.01 MMboe)
  - Underlying EBITDAX guidance of \$60 – 70 million (FY21: \$30.0 million)
- **Athena Gas Plant commissioning in Q2 FY22:** on schedule and on budget
- **Sound Balance Sheet maintained:** debt adjustments finalised
- **Climate Active carbon neutral certification:** independent audit and Australia's first carbon neutral oil and gas producer
- **Crystallising and growing the value within the existing portfolio:** significant gas reserves position and gas prices increasing
- Results webcast scheduled for 8.30am ACST (Adelaide) / 9.00am AEST (Sydney, Melbourne)

Cooper Energy (ASX: COE) has announced record full-year production, sales volume and revenue. Commencement of the Sole Gas Sales Agreements (GSAs) and improving performance at the Orbest Gas Processing Plant (OGPP) helped drive a 69% increase in production to 2.63 MMboe, a 94% increase in sales volume to 3.01 MMboe and a 69% increase in revenue to \$132 million.

Earnings and cash flow in FY21 were impacted by OGPP processing rates, OGPP reconfiguration and commissioning costs, and impacts of the Transition Agreement with APA Group (ASX: APA). Underlying EBITDAX of \$30.0 million (FY20: \$29.6 million) and an Underlying Net Loss After Tax of \$25.9 million (FY20: \$6.6 million loss) were recorded.

Managing Director David Maxwell said that despite a challenging year the strong momentum in the second half demonstrates Cooper Energy's underlying value proposition.

"FY21 was a year of two halves, with Orbest reconfiguration works and lower production in the first half and improving Orbest performance and higher sales volume in the second half.

"Initiation of our Sole Gas Sales Agreements was a key milestone for Cooper Energy which delivered a material step-up in revenue and earnings in the second half.

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<sup>1</sup> Before working capital / timing adjustments

<sup>2</sup> Sole Gas Sales Agreements cash margin >85% of margin which would have been earned if all sales volumes had been processed through OGPP

“This momentum is continuing with expectations for material growth in FY22, including a forecast doubling of Underlying EBITDAX to \$60 – 70 million (FY21: \$30.0 million).

“The second half performance demonstrates the value proposition of Cooper Energy’s asset portfolio and long-established gas strategy. We remain focused on crystallising and growing the latent value within the existing portfolio”, Mr Maxwell said.

### **Improving OGPP performance and upcoming Phase 2B works**

OGPP performance improved in H2 FY21 following reconfiguration of the absorbers in the first half and ongoing improvement in understanding the plant’s operations. OGPP’s average gas processing rate was 23 TJ/day in H1 FY21, 35 TJ/day in H2 FY21 and 40 TJ/day since 1 July 2021.

Cooper Energy has provided approval to APA for further capital works at OGPP to be undertaken during FY22. The work program is designed to significantly improve plant performance and includes:

- installation of spray nozzles in the absorbers to suppress foaming and reduce fouling; and
- installation of solids removal technology to prevent fouling within the absorbers.

The Phase 2B works are expected to cost \$20 million (100%) which will be shared equally with APA. Cooper Energy’s share will be largely funded from escrowed funds with minimal impact on cash reserves. Further information is contained in Cooper Energy’s presentations of 19 and 23 August 2021.

### **Sole Gas Sales Agreements**

Sales under the Sole GSAs commenced on 1 December 2020 and 1 January 2021. Despite gas processing shortfalls at OGPP, all Sole customer nominations continue to be met. Average Sole customer nominations have increased during 2021, with average nominations of 34 TJ/day in Q3 FY21, 54 TJ/day in Q4 FY21 and 59 TJ/day (maximum daily contract quantities) since 1 July 2021.

Cooper Energy undertakes a portfolio approach to purchasing third-party gas when required to ensure the lowest cost and highest margin are achieved. The average cost of third-party gas purchased during FY21, net of the contributions received from APA, was materially less than Cooper Energy’s average realised gas price.

### **Athena Gas Plant**

The Athena Gas Plant upgrade progressed on schedule and on budget, with the work program now more than 80% complete. First commissioning gas through the plant is expected in Q1 FY22 and cutover of processing from the Iona Gas Plant is expected in Q2 FY22.

Once operational the Athena Gas Plant will be an integral asset within Cooper Energy’s portfolio and deliver processing rate improvements, cost efficiencies and gas marketing benefits compared with current arrangements.

### **FY22 full-year guidance**

Cooper Energy expects to continue the strong momentum and is guiding towards material growth in FY22. Expected growth is mainly driven by improving performance of OGPP and higher increased contribution from the Otway Basin following commissioning of the Athena Gas Plant. Capital expenditure is expected to be materially lower with commissioning of the Athena Gas Plant to be completed in Q2 FY22 and OP3D preparing for a Final Investment Decision.

FY22 full-year guidance is set out in the table below and further information is contained in the presentation released today.

	FY21	FY22 full-year guidance	Change
Production	2.63 MMboe	3.0 – 3.6 MMboe	Up 14 – 37%
Sales volume	3.01 MMboe	3.7 – 4.3 MMboe	Up 23 – 43%
Underlying EBITDAX	\$30.0 million	\$60 – 70 million	Up 100 – 133%
Capital expenditure <sup>1</sup>	\$32.3 million	\$25 – 30 million	Down 7 – 23%

<sup>1</sup> Capital expenditure guidance excludes expenditure for OGPP Phase 2B works (largely funded from escrow account); includes corporate expenditure on IT hardware and systems upgrades

## Results webcast

Cooper Energy's Managing Director David Maxwell will lead a webcast this morning to discuss the FY21 results and outlook for FY22.

- **Date:** Monday, 23 August 2021
- **Time:** 8.30am ACST (Adelaide) / 9.00am AEST (Sydney, Melbourne)
- **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 later that afternoon.

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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.