Quarterly Report

For the three months ended 31 March 2023

18 April 2023

Key features

- **Quarterly production:** up 5% from the previous quarter to 0.87 MMboe
- **Average Orbost processing rate:** up 5% to 46.9 TJ/d
- **Revenue:** up 2% to $46.9 million, due to higher average processing rates
- **Orbost operatorship transfer:** progressing to plan
- **Managing Director and CEO:** Ms Jane Norman commenced 20 March

Comments from Managing Director and CEO, Jane Norman

“The quarter was highlighted by more stable production from the Orbost Gas Processing Plant, with the resultant increase in production and revenue.

“Transfer of the major hazard facility license and operatorship of the Orbost plant remains on track for Q4 FY23, and the Orbost improvement workstreams are accelerating, against the backdrop of a softer spot price environment over the last quarter but ahead of the winter peak demand period.

“Progress on the resolution of the Federal Government’s gas Code of Conduct and the associated reasonable pricing mechanism is now expected in Q4 FY23, which I hope provides the necessary clarity to support our growth projects including OP3D.”

Key performance metrics

$ million unless indicated	Mar Q3 FY22	Dec Q2 FY23	**Mar Q3 FY23**	*Qtr on Qtr change*	FY22 YTD	**FY23 YTD**	*Change*
Production (MMboe)	0.76	0.83	**0.87**	*5%*	2.45	**2.69**	*10%*
Sales volume (MMboe)	0.91	0.85	**0.88**	*4%*	2.93	**2.70**	*(8%)*
Average gas price ($/GJ)	7.91	8.38	**8.26**	*(1%)*	7.60	**8.59**	*13%*
Sales revenue	46.9	45.8	**46.9**	*2%*	144.6	**148.2**	*2%*
Cash and cash equivalents	92.5	88.3	**90.3**	*2%*	92.5	**90.3**	*(2%)*
Net debt/(cash)	104.5	69.7	**67.7**	*(3%)*	104.5	**67.7**	*(35%)*

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Production

Quarterly gas and oil production was 0.87 MMboe, 5% higher than the prior quarter. This was mainly due to increased uptime at the Orbost Gas Processing Plant (OGPP), as well as sustained production from the Cooper Basin following connection of the Bangalee-1 well.

Production by product	Mar Q3 FY22	Dec Q2 FY23	**Mar Q3 FY23**	*Qtr on Qtr change*	FY22 YTD	**FY23 YTD**	*Change*
Sales gas (PJ)	5.2	4.9	**5.1**	*5%*	14.4	**15.9**	*11%*
Oil and condensate (kbbl)	30.1	28.0	**31.4**	*11%*	99.0	**88.1**	*(11%)*
Total production (MMboe)	0.87	0.83	**0.87**	*5%*	2.45	**2.69**	*10%*

Gippsland Basin (Sole)[1]

Sole gas production processed through OGPP was 4.2 PJ, or 46.9 TJ/day, 5% higher than the prior quarter of 43.7 TJ/day, due to improved reliability and performance at OGPP.

APA continue to operate the plant until transfer of the major hazard facility licence (MHFL), which remains on schedule for Q4 FY23. A planned seven-day statutory maintenance shutdown is currently underway and is expected to be completed later this week.

Cooper Energy technical personnel continue to engage with plant personnel to identify and progress performance improvement opportunities.

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 10.3 TJ/day, 3% higher than the prior quarter of 9.7 TJ/day. Production in Q3 FY23 was impacted by performance issues at a gas export compressor which resulted in approximately 16 days of deferred production. An investigation into the cause is underway, in consultation with the equipment manufacturer.

Cooper Basin[3]

Oil production was 30.6 kbbls net share or 340 bbls/day, 11% higher than the prior quarter mainly due to the incremental production from the new Bangalee-1 well.

Production by basin	Mar Q3 FY22	Dec Q2 FY23	**Mar Q3 FY23**	*Qtr on Qtr change*	FY22 YTD	**FY23 YTD**	*Change*
Gippsland Basin (Sole)							
Sales gas (PJ)	3.9	4.0	**4.2**	*5%*	11.2	**13.0**	*16%*
Otway Basin (CHN)							
Sales gas (PJ)	1.2	0.9	**0.9**	*3%*	3.2	**3.0**	*(7%)*
Condensate (kbbl)	1.0	0.8	**0.8**	*(3%)*	2.0	**2.7**	*33%*
Cooper Basin							
Oil (kbbl)[4]	29.2	27.4	**30.6**	*11%*	97.0	**85.3**	*(12%)*
Total production (MMboe)	0.87	0.83	**0.87**	*5%*	2.45	**2.69**	*10%*

[1] Cooper Energy 100% and Operator
[2] Cooper Energy 50% and Operator
[3] Cooper Energy 25%, Beach Energy 75% and Operator
[4] Cooper Basin production data is preliminary for the current quarter, awaiting March reconciled data

Exploration and development

Gippsland Basin

Exploration

Interpretation of new 3D seismic data has continued during the quarter, covering the Manta Hub in retention licences VIC/RLs 13, 14, 15, and exploration permit VIC/P80. The new data has improved the structural definition of exploration prospectivity below the existing Chimaera, Gummy and Manta gas and oil fields. Future appraisal or development can be combined with testing of this deeper exploration potential. In VIC/P80, mapping of the Wobbegong prospect and additional exploration prospects is ongoing.

OGPP operatorship and integration

Transfer of the MHFL remains on track for Q4 FY23. During the quarter WorkSafe Victoria's regulatory review phase of the transfer application continued, as well as relevant assurance reviews within Cooper Energy. Operational readiness workstreams continue, as well as finalising all licence change requirements.

BMG abandonment

The Helix Q7000 intervention vessel is now in-region and is expected to commence the BMG work in H1 FY24. The rig was contracted in September 2020 to perform the works, locking in rates at that time. The cost to complete the well abandonment activities is expected to be approximately $165 million on a 100% gross basis.

Otway Basin (Offshore)

During the quarter the OP3D front end engineering and design (FEED) work continued based on a three well development plan. Sanction of the OP3D project is now subject to satisfactory resolution of the Federal Government's proposed mandatory Code of Conduct and reasonable pricing mechanism, and joint venture support.

FEED technical work will be completed in order to position the project to proceed to sanction as soon as conditions permit, and following completion of the BMG abandonment programme. OP3D will be funded from organic cash generation, including the impact of the performance improvement initiatives at Orbost, and supported by existing senior secured bank debt.

The OP3D project provides an opportunity to tie back new resources to existing gas processing infrastructure at the AGP, which has ~150 TJ/d of total capacity and current utilisation of ~25 TJ/d. The AGP is strategically important infrastructure, and it is estimated that this plant would cost around $600 million if it were constructed today, with at least five years in planning and construction timing.

Otway Basin (Onshore)

Processing of the PEL 494[5] Dombey 3D seismic survey progressed during the quarter, to be ready for interpretation during Q4 FY23. Interpretation of the 3D seismic data will delineate the resource potential of the Dombey gas field and identify new exploration opportunities.

Reprocessing of the existing 3D seismic surveys within PEP 168[6] is expected to be completed and ready for interpretation in mid-CY23.

Cooper Basin

The Bangalee oil field came online on 19 February and is currently producing in line with expectations.

Drilling of two further horizontal oil development wells at the Rincon and Callawonga oil fields has been completed. Both Rincon-4 and Callawonga-23 are currently anticipated to come online in Q4 FY23.

Subsurface studies are progressing with a view to defining new exploration targets ahead of the commencement of a drilling program in Q2 FY24.

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[5] Cooper Energy 30%, Beach Energy 70% and Operator
[6] Cooper Energy 50%, Beach Energy 50% and Operator

Financial

Production/sales volume and revenue

Total gas and oil volumes sold were 4% higher than the previous quarter, largely due to higher average processing rates at the OGPP and the AGP.

Total gas sales revenue was 2% higher at $43.2 million, due to the higher processing rates, partially offset by 1% lower average realised gas price of $8.26/GJ. The lower average realised gas price in Q3 FY23 was largely due to lower average spot prices; during the quarter 93% of gas was sold into GSAs, with the remainder sold on spot (Q2 FY23: 92%).

In the Gippsland Basin the surplus gas supply relative to the Sole term contracts resulted in 339 TJ of gas (Q2 FY23: 155 TJ) sold at spot prices at an average spot price of $9.55/GJ (Q2 FY23: $15.95/GJ). In the course of Q3 FY23, 83 TJ was purchased from the spot market to fulfil Sole contract nominations (Q2 FY23: 123 TJ). In the Otway Basin, since 1 January 2023 all of Cooper Energy's CHN production is sold to a key customer at contract prices.

PEL92 production for Q3 FY23 was 340 bbls/d (Q2 FY23: 297 bbls/d), with volumes sold of 26,418 bbls (Q2 FY23: 20,652 bbls) at an average oil price realisation of $130.31/bbl (Q2 FY23: $144.39/bbl) for total revenue of $3.7 million (Q2 FY23 $3.5 million). Crude oil inventory at 31 March 2023 was 22,772 bbls (31 December 2022: 18,856 bbls).

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

		Mar Q3 FY22	Dec Q2 FY23	**Mar Q3 FY23**	*Qtr on Qtr change*	FY22 YTD	**FY23 YTD**	*Change*
Sales volume								
Gas	PJ	5.4	5.1	**5.2**	*2%*	17.3	**16.1**	*(7%)*
Oil	kbbl	30.5	20.7	**26.4**	*28%*	97.2	**62.6**	*(36%)*
Condensate	kbbl	0.8	0.8	**0.7**	*(13%)*	1.9	**2.6**	*37%*
Total sales volume	MMboe	0.91	0.85	**0.88**	*4%*	2.93	**2.70**	*(8%)*
Sales revenue ($ million)								
Gas[7]		42.7	42.3	**43.2**	*2%*	131.4	**138.6**	*5%*
Oil and condensate		4.2	3.5	**3.7**	*6%*	13.2	**9.6**	*(27%)*
Total sales revenue		46.9	45.8	**46.9**	*2%*	144.6	**148.2**	*2%*
Average realised prices								
Gas	$/GJ	7.91	8.38	**8.26**	*(1%)*	7.60	**8.59**	*13%*
Oil and condensate	$/boe	130.59	144.39	**130.31**	*(10%)*	111.43	**139.22**	*25%*

[7] Includes sale of third-party gas purchases

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

Sole GSA sales and sources		Dec Q2 FY23	**Mar Q3 FY23**		Dec Q2 FY23	**Mar Q3 FY23**
Sole GSA sales	PJ	4.0	**4.0**	TJ/d (average)	43	**44**
Sole spot sales	PJ	0.2	**0.3**[a]	TJ/d (average)	2	**4**
Comprising:						
OGPP processing	PJ	4.1	**4.2**	TJ/d (average)	44	**47**
Third-party gas purchases	PJ	0.1	**0.1**[b]	TJ/d (average)	1	**1**

[a]Sole spot sales were 339 TJ in Q3 FY23 (rounded to 0.3 PJ)
[b]Third-party gas purchases were 83 TJ in Q3 FY23 (rounded to 0.1)

CHN GSA sales and sources		Dec Q2 FY23	**Mar Q3 FY23**		Dec Q2 FY23	**Mar Q3 FY23**
CHN GSA sales	PJ	0.7	**1.0**	TJ/d (average)	7	**10**
CHN spot sales	PJ	0.2	**-**	TJ/d (average)	2	**-**

Capital expenditure

Capital expenditure incurred of $9.1 million was 35% lower than the prior quarter, largely attributed to lower OGPP stay in business capex and a reduction in OP3D spend in the Otway Basin following the Federal Government's announcement of its Code of Conduct and reasonable gas pricing mechanism in December 2022.

$ million	Mar Q3 FY22	Dec Q2 FY23	**Mar Q3 FY23**	*Qtr on Qtr change*	FY22 YTD	**FY23 YTD**	*Change*
Exploration and appraisal	1.3	7.1	**5.5**	*(23%)*	2.8	**20.7**	*639%*
Development	1.8	6.9	**3.6**	*(48%)*	11.9	**11.4**	*(4%)*
Total capital expenditure[8]	3.1	14.0	**9.1**	*(35%)*	14.7	**32.1**	*118%*

By basin, $ million	**Q3 FY23**			**YTD FY23**		
	Exploration	Development	**Total**	Exploration	Development	**Total**
Otway Basin	4.7	-	**4.7**	15.4	0.1	**15.5**
Gippsland Basin	0.7	2.5	**3.2**	4.7	9.4	**14.1**
Cooper Basin	0.1	1.0	**1.1**	0.6	1.5	**2.1**
Other	-	0.1	**0.1**	-	0.4	**0.4**
Total capital expenditure	5.5	3.6	**9.1**	20.7	11.4	**32.1**

[8] Prior quarter data can change as a result of finalisation of audit or review

Liquidity

As at 31 March 2023, Cooper Energy had cash reserves of $90.3 million (Q2 FY23: $88.3 million), with drawn debt unchanged at $158.0 million (Q2 FY23: $158.0 million), as summarised below.

$ million	Mar Q3 FY22	Dec Q2 FY23	**Mar Q3 FY23**	*Qtr on Qtr change*	FY22 YTD	**FY23 YTD**	*Change*
Cash and cash equivalents	92.5	88.3	**90.3**	*2%*	92.5	**90.3**	*(2%)*
Drawn debt	197.0	158.0	**158.0**	*0%*	197.0	**158.0**	*(20%)*
Net debt/(cash)	104.5	69.7	**67.7**	*(3%)*	104.5	**67.7**	*(35%)*

Material impacts on cash generation during the quarter included:

- customer receipts less payments to suppliers of $18.2 million, partly reflecting lower spot prices and the switch of all CHN sales into a long-term contract, but also significantly higher operating costs at OGPP under the seller's operatorship versus Q2 FY23;
- rehabilitation costs and petroleum resource rent tax payments of $4.9 million. Rehabilitation costs are increasing as work associated with BMG abandonment ramps up;
- capital expenditure of $9.8 million, elevated due to increased costs associated with the MHFL transfer at OGPP and finalising engineering and design work on OP3D including costs incurred in Q2 FY23; and
- net interest payments (including leases) of $1.9 million.

Commercial, corporate and subsequent events

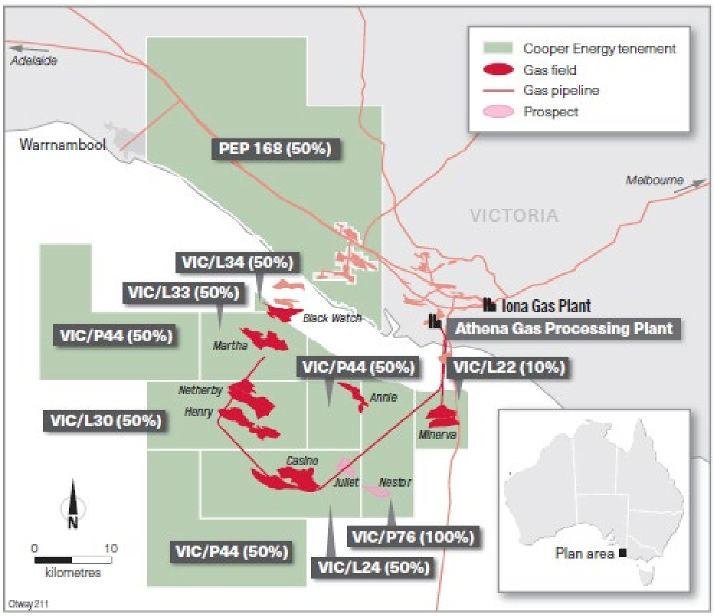
Ms Jane Norman commences as Managing Director and CEO

As previously reported Ms Jane Norman commenced as Managing Director and CEO of Cooper Energy on 20 March 2023.

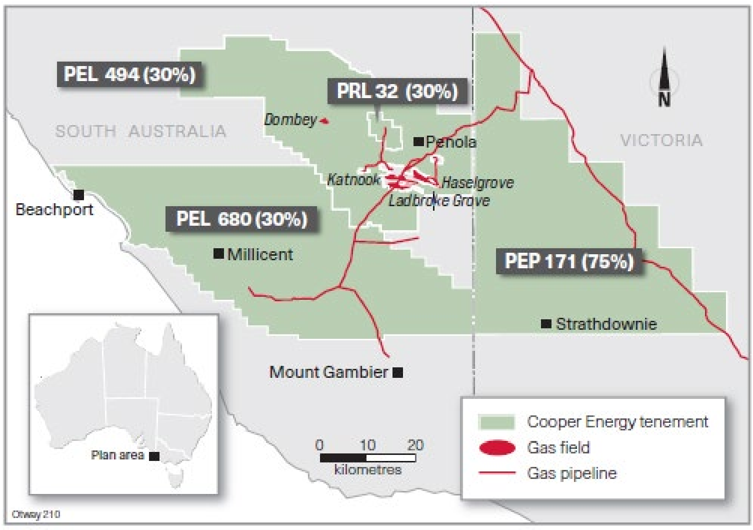
Cooper Energy tenements

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

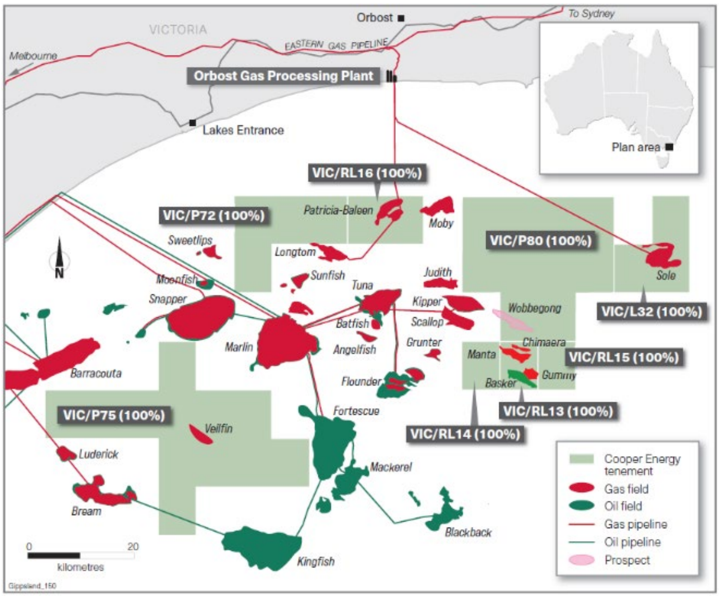
Otway Basin (Victoria):



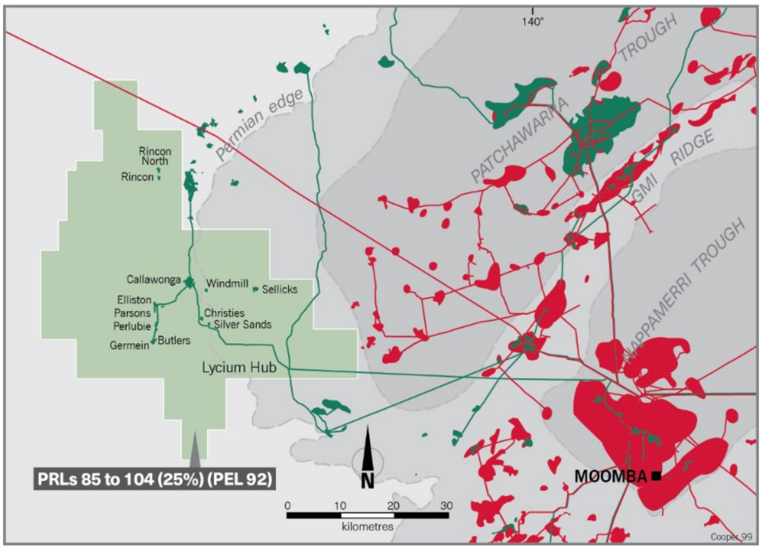
Otway Basin (onshore):



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
FEED	Front End Engineering and Design
GSA	Gas Sales Agreement
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
PPL	Petroleum Production Licence
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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Numbers in this report have been rounded. As a result, some figures may differ insignificantly due to rounding and totals reported may differ insignificantly from arithmetic addition of the rounded numbers.