COOPER ENERGY

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ASX Announcement / Media Release

27 August 2024

FY24 full year results

- **Record annual production:** up 4.2% to 62.1 TJ-equivalent per day or 22.7 PJ-equivalent
- **Record annual underlying EBITDAX:** up 16.7% to $127.5 million
- **Record adjusted cash from operations[1]:** up 19.8% to $114.8 million
- **FY24 guidance:** met FY24 production, production expenses and capex guidance
- **Orbost Gas Processing Plant (OGPP):** performance improvement plan delivering strong results, daily nameplate production capacity reached in July and numerous production records set over the past month
- **BMG wells decommissioning:** completed in May 2024
- **Transformation programme:** $10.5mm in net savings realised at end FY24, including a 24% reduction in net G&A costs from FY23, with potential for further meaningful savings in FY25
- **OGPP third absorber:** decision made to not proceed with installation of a third absorber at OGPP
- **East Coast Supply Project (ECSP):** maintaining project timeline with procurement of long-lead items to deliver a 3-well programme with first gas in 2028
- **FY25 guidance:** expecting increased production driven by performance improvements at OGPP, full benefit of cost-out programme and an increase in capex, largely due to ECSP
- **Results webcast:** 8.30am ACST (Adelaide) / 9.00am (AEST), 27 August 2024

Cooper Energy Limited ("Cooper Energy", or the Company) (ASX:COE) today announces record annual production, underlying EBITDAX and adjusted cash from operations[1].

The OGPP improvement project continues to deliver significant increases in production and reductions in unit production costs.

With key strategic infrastructure in place and access to undeveloped resources, Cooper Energy is uniquely placed, across both the Gippsland and Otway Basins, to bring additional supply to the structurally short Southeast Australia domestic gas market.

Comments from Managing Director and CEO, Jane Norman

"FY24 was a pivotal year for our business. We demonstrated delivery against our commitments, refreshed the executive team and rolled out our new Vision, Strategy, Purpose and Values.

"Production performance steadily improved over FY24 with Orbost achieving an 11% increase in production from H2 FY23 to H2 FY24. We hit multiple production records at Orbost over the last 12 months and the plant has been operating around nameplate capacity for most of the last month, but there is still more to do. We continue to methodically work through our planned suite of improvement initiatives, focusing on extending the time between absorber cleans and minimising the duration of the cleans.

"We completed the BMG wells decommissioning programme, another significant milestone for the Company. This technically challenging project involved more than 360,000 worker hours and was executed with no lost time injuries and no significant environmental incidents. The successful execution of the BMG wells decommissioning project highlights not only the Company's commitment to health, safety and the environment, but also our strong engineering capability.

"Looking ahead to FY25 and beyond, as the Federal Government's Future Gas Strategy has confirmed, gas will continue to play a critical role in the energy transition, delivering firming power to support the integration of intermittent renewable energy. Cooper Energy's East Coast Supply Project is uniquely placed to leverage our brownfield infrastructure at the Athena Gas Plant to meet domestic gas demand in southern markets."

[1] Operating cashflows excluding restoration spend and other non-recurring and non-underlying items

Orbost Gas Processing Plant

Production

OGPP delivered an average gas processing rate of 49.5 TJ/d during FY24 (+5.5% on 47.1 TJ/d produced in FY23) and 51.6 TJ/d in H2 FY24 (+10.8% on H2 FY23).

Production rates increased in H2 FY24 versus H1 FY24, largely due to the implementation of Orbost Improvement Project initiatives and increased plant reliability. Multiple records for Sole/OGPP production have been set over the last few weeks, including a record daily rate of 68 TJ, a 30-day average of 65.7 TJ/d, a 60-day average of 60.2 TJ/d and a 90-day average of 57.7 TJ/d.

Performance improvement plan

Numerous initiatives were implemented over FY24, focused on minimising foaming and fouling in the absorbers, increasing the time between absorber cleans and reducing the duration of cleans. Workstreams undertaken included:

- reinstatement of the polisher unit;
- installation of heat tracing and insulation around the polisher unit;
- installation of an alternative spray distributor configuration in the absorber beds;
- installation of a mist eliminator in one absorber;
- optimisation of the anti-foam agent pumps;
- trials of alternative packing material in the absorbers; and
- clean-in-place trials in the absorbers.

The polisher unit had a significant positive impact on production during the year. In late December 2023, a new type of polisher unit media was loaded and achieved a record life of nearly five months, four times longer than the previous record.

With the support of the polisher unit and other improvement initiatives, a record absorber runtime of 6 weeks between cleans was achieved over June - July 2024, compared to the previous typical absorber runtime of 2 - 3 weeks.

Work continues on identifying the root cause of the sulphur foaming and fouling issues in the sulphur absorber units. While this work is ongoing, the success of improvement programme initiatives to date, has allowed the plant to operate more consistently and at higher rates.

Further initiatives are being progressed to improve the reliability of the plant and maximise production rates, focusing on extending the time between absorber cleans and minimising the duration of the cleans.

With the recent production records, a decision has been made to no longer progress with the option to install a third absorber.

Projects

BMG wells decommissioning

The BMG wells decommissioning programme was completed in May. The programme incurred more than 360,000 worker hours, with no lost time injuries and no significant environmental incidents. The success of the wells decommissioning project highlights the Company's commitment to health, safety, and the environment, as well as its strong engineering capability.

The total cost of the BMG wells decommissioning programme is expected to be slightly less than $270 million, with the final value subject to remaining invoice reconciliation. Decommissioning costs were funded from cash on hand, organic cash generation and the existing senior debt facility.

Cooper Energy continues to pursue its Victorian Supreme Court claim against PT Pertamina Hulu Energi ("Pertamina") for Pertamina's 10% share of the BMG decommissioning costs. These costs relate to decommissioning the seven wells as well as the related subsea infrastructure of the BMG oil project. From 2009 until 2014, Pertamina held a 10% interest in the BMG joint operating and production agreement (“JOA”). In February 2014, Pertamina withdrew from the JOA.

A claim against Pertamina was filed by Cooper Energy in the Supreme Court of Victoria (the "Court"), in December 2022, seeking payment of an amount equal to 10% of the costs and expenses of the decommissioning operations incurred and to be incurred, pursuant to Pertamina's obligations under the withdrawal and abandonment provisions of the JOA. Pertamina has been ordered by the Court to file its defence in September 2024.

East Coast Supply Project

Cooper Energy has continued to progress the East Coast Supply Project ("ECSP"). The Company intends to maximise the use of existing Otway Basin infrastructure to bring much-needed gas supply to Southeast Australia. The ECSP developments can be connected to Cooper Energy's existing offshore pipeline and gas processing infrastructure at the Athena Gas Plant, which has ~150 TJ/d of total capacity (100% gross), with first gas targeted for 2028.

In FY24, as part of a consortium agreement with three other operators, the Company secured the Transocean Equinox rig for its drilling campaign in the Otway Basin. The Transocean Equinox is estimated to arrive in the Otway Basin in circa mid-CY2025. Within the consortium agreement, Cooper Energy has committed to one firm well and has options to drill additional subsea development and/or exploration/appraisal wells.

Cooper Energy is targeting a three-well programme, which includes developing 64.8 PJ[2] in gross 2C estimated resource (32.4 PJ net to Cooper Energy) through one well (Annie-2) and a two well exploration programme, with one planned geological sidetrack, targeting 358 Bcf[3] (179 Bcf net to Cooper Energy) of gross mean unrisked prospective resource potential.

Discussions with Mitsui, Cooper Energy's 50% joint venture partner in the Otway Basin, regarding the ECSP, are ongoing.

Cooper Energy expects to sanction the ECSP during FY25, at which time it will confirm the identity, number and timing of wells drilled as part of the programme. The Transocean Equinox is expected to commence drilling the first firm well of its campaign for Cooper Energy later in FY26.

The ECSP is expected to be funded from a range of sources including organic cash generation, the existing secured bank debt facility as well as the accordion debt facility of up to $120 million. Additionally, the Company continues to engage with several gas customers to support new domestic gas supply through a range of funding options, which could include prepayments.

Transformation programme

One of the Company's key priorities for FY24 was the execution of cost-out initiatives under the transformation programme, outlined during the FY23 full year results. The transformation programme was all encompassing, targeting savings and efficiency across the entire business.

To date, approximately $10.5 million in annualised net savings has been realised, with over 100 initiatives identified across the business. Around 85% of the identified initiatives were completed or actioned by the end of FY24, with the full effect of cost savings and benefits realised into FY25 and beyond.

Significant savings in production costs were achieved across the business, in particular at OGPP. A large part of the savings related to cost of cleaning of the absorber beds, including renegotiating long standing contracts with third party contractors, as well as reducing the time and frequency of absorber cleans.

An additional focus area at OGPP was to reduce costs arising from the removal and disposal of solid sulphur and waste related to the treatment of gas. The Company is investigating beneficial reuse opportunities for the solid sulphur that is produced as a by-product at the plant and currently classified as waste. If successful, and in

[2] Indicative only, not guidance. Projects are preliminary in nature and not yet sanctioned. Annie 2C resource is included on a gross basis as part of the Otway Basin 2C number in the FY23 Reserves and Contingent Resources ASX released on the 23 August 2024
[3] The Low (P90), Mid (P50), Mean and High (P10) prospective resource estimates, and the net share of each prospect, were announced to ASX on 9 February 2022.

conjunction with more efficient waste disposal, the Company is targeting more than $2.0 million per year in additional savings from this initiative.

A 24% reduction in net G&A costs was achieved in FY24 vs FY23 on an annualised basis, or 36% net of restructuring and other non-recurring costs incurred.

FY25 full-year guidance

Cooper Energy expects to build on FY24 performance, with total Group production guidance of 62 – 69 TJe/d. Orbost is expected to deliver measured production growth in FY25, which will offset declining production from the Casino, Henry and Netherby wells in the offshore Otway Basin, as well as the Company's Cooper Basin oil production.

Production costs in FY25 are expected to total between $55 – 63 million, excluding any third-party gas purchases and royalties. This range reflects the benefits of the cost-out/transformation programme detailed above, partly offset by general cost inflation and the costs of increased production. Cooper Energy expects additional, non-recurring costs of an estimated ~$12 million for general visual inspections of each of the Sole and CHN offshore pipelines in FY25. These integrity inspections are typically undertaken once every five years and, subject to further engineering works, there may be opportunities to defer these inspections to a later date.

FY25 capital expenditure guidance is $50 – 60 million, which includes long-lead item procurement for the ECSP. This estimate assumes the Company's preferred 3-well programme with a 50% partner. Up to an additional $20 million in capital expenditure is budgeted if ECSP long-lead items are sole-risked to maintain the project timeline without a contributing partner.

Capital expenditure guidance excludes restoration expenditure. Restoration expenditure in FY25 is expected to include decommissioning in the Minerva field (Cooper Energy 10% interest), however this activity and spend could push into FY26.

FY25 full-year guidance is set out in the table below, with further information contained in the FY25 full year results presentation released today.

	FY24	FY25 full-year guidance	Change %
Production	62.1 TJe/day 22.7 PJe	**62 – 69 TJe/d** **22.6 – 25.2 PJe**	**Flat to +11%**
Production expenses[1]	$59.2 million	**$55 – 63 million**	**-7% to +6%**
Capital expenditure[2]	$23.9 million	**$50 - 60 million**	**+109% to +151%**

[1] Excludes cost of pipeline visual inspections
[2] Excludes restoration expenditure

Results webcast

Cooper Energy's Managing Director and CEO Jane Norman will lead a webcast to present and discuss the results this morning.

- **Time:** 8:30am ACST (Adelaide) / 9.00am AEST (Sydney, Melbourne)
- **Webcast link (view and listen only):** Webcast link
- **Pre-registration link (for Q&A participation):** Registration link

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Cooper Energy Limited (ASX:COE) is an exploration and production company which generates revenue from gas supply to Southeast Australia and low-cost Cooper Basin oil production. The company is an emerging player in the Southeast 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 Annie and Manta.