

29 August 2023

FY23 full year results update

- **Record annual production:** up 7.8% to 3.56 MMboe (FY22: 3.31 MMboe)
- **Record annual underlying EBITDAX:** up 35.4% to \$109.3 million (FY22: \$80.7 million)
- **Record annual operating cash flow:** up 9% to \$62.8 million (FY22: \$57.8 million)
- **FY23 guidance:** met revised production and underlying EBITDAX guidance
- **Orbost Gas Processing Plant:** operatorship transferred 22 May 2023, performance improvement plan being implemented
- **BMG abandonment:** pre-abandonment work programme completed to facilitate a fast-start for Q7000
- **Balance sheet strength:** fully funded via \$400 million committed bank debt facility and cash on hand
- **FY24 guidance:** production up circa 4% compared to FY23
- **Results webcast:** 8.30am ACST (Adelaide) / 9.00am AEST (Sydney, Melbourne), 29 August 2023

Cooper Energy Limited ("Cooper Energy", or the Company) (ASX:COE) today announces record annual production, underlying EBITDAX, and operating cashflow.

During FY23, the acquisition of the Orbost Gas Processing Plant ("OGPP") was finalised, with operatorship transferred 22 May 2023, underlining Cooper Energy's transition to a truly operations-based company.

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 gas market.

Comments from Managing Director and CEO, Jane Norman

"Finalising the Orbost acquisition and taking operatorship of the plant was instrumental for Cooper Energy in FY23. We now have the opportunity to instil our own values and expertise on site, to drive operational excellence and achieve the performance improvements and resulting incremental cashflow that unlocks future growth for the Company.

"Importantly we now have the organisational structure in place supporting our transition to operator of both gas plants, following deployment of an engineering support team based in Melbourne, as well as a restructure of the executive management team.

"Significant work has been completed in FY23 to ensure the BMG abandonment programme is as well planned as possible, awarding contracts and completing 'readiness to operate' assurance reviews as part of a suite of technical preparedness. Our absolute focus remains on executing the programme safely and within the minimum time possible.

"Looking ahead to FY24 and beyond, gas will continue to play a critical role in the energy transition, delivering firming power to support the integration of intermittent renewable energy. Gas demand remains strong in Southeast Australia, with the supply-demand gap expected to increase in the coming years."

Orbost Gas Processing Plant

Acquisition and integration

Cooper Energy announced the acquisition of the OGPP on 20 June 2022, with the transaction completing on 28 July 2022, at which point Cooper Energy and the seller, APA Group, commenced a transitional services agreement ("TSA").

The seller continued to operate the OGPP, pursuant to the TSA, on behalf of Cooper Energy, until the plant's major hazard facility licence transferred to Cooper Energy on 22 May 2023.

A largely contract workforce was engaged to complete the integration workstreams including the licence transfer, assurance reviews, operational readiness, and additional environmental and pipeline licence transfers.

During the transition period 28 July to 22 May 2023, plant performance under the seller's operatorship was unstable, and as a result average processing rates were less than anticipated. The transaction to acquire the plant included performance-based incentives for the seller, however the performance hurdles were not met and as a result no performance incentives were paid to the seller.

The total undiscounted consideration for the plant is \$270 million, inclusive of the two deferred payments of \$40 million and \$20 million, paid in late July 2023 and late July 2024 respectively.

Performance improvement plan

The Orbost performance improvement plan, which has been underway in parallel with the transfer of operatorship workstream, is now being accelerated under Cooper Energy's control, with specific tasks identified and targeting incremental increases to average processing rates.

There are six major workstreams under the performance improvement plan. The work under the performance improvement plan is expected to occur throughout the remainder of calendar year 2023 and does not involve significant capital costs. Additionally, the Company continues to develop the option of installing a third absorber bed. The third absorber bed, if approved, could potentially be operational in the course of calendar year 2025, pending sanction timing and other economic factors.

BMG abandonment

Key milestones achieved in the BMG abandonment project during FY23 include:

- detailed planning and ordering of long lead equipment;
- awarding contracts to support vessels and services;
- finalising detailed engineering work including activity workshops with service contractors;
- "readiness-to-operate" assurance review; and
- pre-abandonment programme, planning for data gathering and equipment interface checks at the BMG well locations.

The pre-abandonment programme was successfully completed in July 2023.

It is planned to complete the abandonment activities of the BMG wells by 31 December 2023, with the removal of the remaining infrastructure by 31 December 2026, in accordance with regulatory requirements.

In June 2023, the Company provided an update on the cost estimates for the abandonment project, recognising industry inflation on supporting contracts such as support vessels, helicopters, rig work and other costs. The mid case cost to complete the well abandonment is estimated to be \$193-\$198 million on a 100% gross basis, with approximately \$27.9 million of this incurred in FY23.

The recently completed BMG pre-abandonment work programme helps ensure a trouble-free start when the Q7000 arrives on location. The mid case cost estimate incorporates contingencies for non-productive time and weather delays, as well as an additional general contingency.

FY24 full-year guidance

Cooper Energy expects to build on FY23 performance, with Orbest performance improvements guiding towards measured production growth in FY24, to a range of 58.5 – 65.2 TJe/d. The midpoint of FY24 production guidance assumes improvements at Orbest above the FY23 average production rate (47.1 TJ/d), offsetting declining production from the mature Casino, Henry and Netherby wells in the offshore Otway Basin, as well as Cooper Basin oil production from PEL 92.

Production expenses in FY24 are expected to total between \$60 – 68 million, excluding any third-party gas purchases and royalties. A portion of this range represents an increase on FY23, in part due to more frequent absorber cleans at Orbest than in FY23, and a fully staffed technical and engineering team supporting both processing plants.

The Company is also focused on ensuring the business is future fit, with a transformation programme in FY24 looking at a range of initiatives and that will also target a significant reduction in general administration costs of at least 10%.

FY24 capital expenditure is naturally higher than normal as it includes the majority of the BMG abandonment, at \$190 – 210 million.

FY24 full-year guidance is set out in the table below, with further information contained in the FY23 full year results presentation.

	FY23	FY24 full-year guidance	Change %
Production	59.8 TJe/d ^{1,2}	58.5 – 65.2 TJe/d^{1,3}	▼2% to ▲10%
Production expenses	\$61.1 million	\$60 – 68 million	N/A
Capital expenditure	\$41.2 million	\$190 – 210 million	N/M

¹Production guidance conversion factors. Sales gas: 1 PJ = 0.16342 MMboe, Oil and condensate: 1 bbl = 6.1193 GJe,

²FY23 production equates to 3.56 MMboe

³FY24 production guidance equates to 3.5 – 3.9 MMboe

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)
- **Date:** Tuesday, 29 August 2023
- **Conference call link (listen only):** [Webcast link](#)
- **Registration link (for Q&A participation):** [Registration link](#)

For more information, please contact our team for investors and media.

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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 which recently became the first new offshore gas development in Southeast Australia to commence production in several years, the Casino Henry operations in the offshore Otway Basin and undeveloped resources such as Manta and Annie.