

12 August 2019

Gas growth, contracting and Sole feature in FY19 results

- Statutory net loss after tax of \$12.1 million down from net profit after tax of \$27.0 million
- Significant items of (\$25.4) million
- Underlying profit after tax of \$13.3 million up 36% from \$9.8 million
- Underlying EBITDA of \$32.9 million up 1% from \$32.6 million
- Gas sales revenue up 28%
- Zero lost time injuries
- Sole Gas Project: offshore construction completed safely, within budget
- Multiple new gas contracts secured for Otway and Gippsland gas
- Conference call and webcast 9 am AEST Monday 12 August

Cooper Energy (ASX: COE) has announced a statutory net loss after tax of \$12.1 million after incurring significant items of (\$25.4) million for the twelve months to 30 June 2019 (FY19). The result compares with the previous year's statutory net profit after tax of \$27.0 million, which included significant items totalling \$17.2 million.

The significant items in the FY19 result principally comprise a \$26.2 million non-cash restoration expense arising from the reassessment of provisioning for the rehabilitation of the non-producing Patricia Baleen gas field announced at the half-year and the second-half impact of lower risk-free rates used to discount the provisions. The previous year's statutory net profit after tax included the gain on sale of the Orbest Gas Plant to APA as part of the funding for the Sole Gas Project. Full details of significant items and a reconciliation to underlying profit are included in the financial report lodged with the ASX today.

Underlying profit after tax for the twelve months to 30 June 2019 rose 36% to \$13.3 million compared with \$9.8 million. Increased revenue generation from gas supply was the key factor in this growth. Sales revenue for the period grew 12% to \$75.5 million, up from \$67.5 million, despite lower production and sales volumes. Growth in revenue from gas, which increased from \$40.9 million to \$52.3 million, more than offset the impact of reduced revenue from oil.

Cash flow from operating activities of \$20.5 million was 8% lower than the previous year's comparative of \$22.2 million.

Cooper Energy Managing Director David Maxwell said the FY19 financial results highlighted the value of the company's growing gas business.

"The improved financial results for the second half align with commencement of new gas contracts on 1 January 2019. This process is ongoing, with the new contracts negotiated in 2019 expected to benefit the FY20 financial result" he said.

Cooper Energy announced a number of new gas contracts during, and shortly after, the 2019 financial year, including agreements with Origin Energy, AGL Energy and industrial users O-I Australia and Visy.

Mr Maxwell said gas was the driver for the increase in revenue compared with the previous year. "We are reporting higher revenue, notwithstanding lower production, due to our gas sales, which rose 28% year-on-year".

Cooper Energy anticipates a substantial increase in gas production in FY20 when the Sole gas field commences supply. The company completed construction of the offshore field development during the

year and the field is ready to commence production on completion of the upgrade to APA's Orbest Gas Plant.

Mr Maxwell said the safe and successful completion of the Sole Gas Project construction was the greatest highlight of the year's results. "We have completed construction of the company's flagship project safely, and within budget.

"We are looking forward to the commencement of production and a transformative uplift in cash flow from Sole gas supply in the near future. However, it is important that keen anticipation not overlook the significance of an outstanding project performance.

"Sole offshore project construction has been completed with zero lost time injuries and with care for preservation of capital. The merit of this cost performance was acknowledged by our financiers earlier this year with a facility redetermination. This, in turn, enabled the acceleration of our offshore Otway gas exploration program, which is currently underway with the first well at Annie-1" said Mr Maxwell.

Cooper Energy recorded a zero lost time injury and zero reportable injury record across all its operations for the year. Mr Maxwell commended all who contributed to the result.

"The scope of work undertaken was greater and more challenging than ever before for our company and ranged from offshore rig work, onshore and subsea welding, laying of subsea pipe and umbilical, the 'live' replacement and upgrade to subsea umbilical control systems as well as yard and marine supply and loading.

"The achievement of a zero lost time injury result can only be achieved through vigilance of each of our employees, and our contractors' employees, every day they are at work with us. I record our appreciation to all staff and contractors and encourage their ongoing resolve to maintain this standard" said Mr Maxwell.

Reserves were maintained with the company reporting Proved and Probable (2P) Reserve at 30 June of 52.7 million barrels of oil equivalent (MMboe), compared with 52.4 MMboe 12 months earlier. 2P gas reserves of 311 petajoules (PJ) accounted for 50.7 MMboe of total reserves. In comparison, gas reserves at 30 June 2018 were 309 PJ. Oil reserves were unchanged at 1.8 million barrels.

The company transitioned from a net cash to net debt position during the year as debt was drawn down to fund the Sole Gas Project. At 30 June 2019, Cooper Energy had drawn debt of \$218.2 million and net debt of \$53.9 million. Cash of \$164.3 million was supported by unused facilities totalling \$28.1 million.

Mr Maxwell said the company expects FY20 to be a particularly significant year for the company through the expected commencement of production from Sole and the conduct of the largest exploration program in the company's history.

Exploration for new gas for south-east Australia accounts for 85% of the approximately \$60 million budgeted for exploration during the year. Three gas exploration wells are to be drilled in the offshore and onshore Otway Basin. Annie-1, the first in the offshore program was spudded on 1 August and is expected to complete drilling, logging and abandonment within, or shortly after, the current month. The final well in the offshore program, Elanora-1, will follow immediately afterward.

Activity in the company's Cooper Basin acreage is also budgeted to increase with the largest drilling program yet by the PEL 92 Joint Venture in which Cooper Energy holds a 25% interest. Up to 19 wells are planned for this onshore oil production acreage.

Mr Maxwell said the company is also preparing its next offshore gas drilling campaign which, subject to rig availability, could commence in late 2020.

"Our portfolio holds undeveloped gas reserves and resources such as at Manta and Henry which, subject to drilling, can be brought to market. These projects, and any discoveries that result from our current offshore drilling campaign, can bring the next wave of growth for our company after Sole" said Mr Maxwell.

The company's gas contracting efforts has resulted in its share of Casino Henry gas being fully contracted until January 2021 and term contract capacity for Sole has been fully allocated until 2025. Ongoing engagement with gas buyers on uncontracted gas is expected during the year.

Production of more than 5 petajoules of gas and approximately 240,000 barrels of oil is expected from the company's existing producing assets in FY20 and this figure does not include gas expected to be produced from the Sole gas field. First gas is expected to flow from Sole after the commencement of Orbost Gas Plant commissioning. APA advise the Orbost Gas Plant is expected to commence commissioning in September 2019 and commence firm gas supply in the December quarter 2019. Cooper Energy has indicated it will provide revised guidance on its production inclusive of Sole after commissioning.

Further comment and information:	
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About Cooper Energy Limited (ASX: COE) is an ASX listed 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-focussed acreage and assets, including well located reserves, resources and processing plant, in the Otway and Gippsland basins. The most significant resource, the Sole gas field in the Gippsland Basin, is currently being developed to provide a new source of gas supply for south-east Australia from 2019.

Conference call and webcast on FY19 results 9:00 am 12 August 2019

A presentation on the results will be made via conference call and webcast commencing at 9:00 AEDT Monday, 12 August 2019 with a recording accessible on the company's website from 2:30 pm AEDT. Details are as follows:

Details for the call and webcast are as follows.

Webcast access:

<https://webcast.openbriefing.com/5337/>

Conference call:

Conference call:

The conference call can be accessed by the telephone numbers below and quotation of the specified Conference ID number.

Conference ID number: 10001143

Australia Toll-free: 1800 558 698

Australia Toll: +61 2 9007 3187 (can be used if dialing from international location)

International:

Toll-free dial in numbers for each country are detailed on the separate advice of the announcement and webcast provided to the ASX on Thursday 8 August 2019.