

3 May 2019

Clarification statement

- Explanatory information on project performance metrics in relation to Sole Gas Project

Cooper Energy refers to the March quarterly report issued to the ASX 29 April 2019 and provides the following additional explanatory information concerning the status of the Sole Gas Project.

Discussion of project status in the report referenced two metrics at 31 March 2019: capital expenditure incurred on the offshore project of \$314 million and percentage complete of 98%.

These two metrics are used to quantify different aspects of project performance: capital expenditure is calculated with reference to costs incurred whereas estimates of percentage complete are calculated with regard to the quantity of physical work completed to date.

Therefore, these two metrics will not align exactly at all times. There will ordinarily be some difference between capital expended as a percentage of budget and the percentage of the project completed.¹ For this reason, it is not appropriate to assume a pro-rata relationship between work completed and cost incurred as a means to calculate final project cost and/or the completion date.

In respect of the Sole Gas Project at 31 March, capital expenditure incurred of \$314 million was, as a percentage of expected total cost, 'lagging' the percentage complete as some work performed had not reached selected completion milestone points. This difference is expected to close with time as milestones are achieved.

The final forecast project cost on the Sole Gas Project continues to track within the P50 budget of \$355 million. The company will continue to advise capital expenditure incurred and the percentage complete in its periodic reporting. Final cost is not expected to be determined until subsequent to project completion and will be advised at that time.

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.

¹ Examples of typical events that may contribute to this include: the later part of a task may take less or more time than planned; changes in scope; employment of allowances or contingencies; or a decrease or increase in the share of mobilisation and demobilisation costs to be included.