

13 August 2018

FY18 results:

## First full year of gas business drives record financial results

- Net profit after tax of \$27.0 million up from loss of \$12.3 million
- Significant items of \$17.2 million including value realised from Orbost Gas Plant
- Underlying profit of \$9.8 million up from loss of \$8.7 million
- Underlying EBITDA up 515% to \$32.6 million from \$5.3 million
- Cash generation up 441% with cash from operating activities of \$22.2 million
- Sole Gas Project taken from FID to 64% complete and is within schedule and budget
- New Otway gas contract secured and commenced; now negotiating 2019 contract
- Conference call and webcast 9 am AEDT Monday 13 August

Cooper Energy has announced a turnaround in annual profit and growth of more than 400% in cash flow and EBITDA in its FY18<sup>1</sup> financial results, its first to include a full 12-month performance as a predominantly gas business since its transformative Victorian gas assets acquisition in January 2017.

Net profit after tax for the period of \$27.0 million for the 12 months ended 30 June 2018 compares with the loss of \$12.3 million recorded in the previous year. The profit result includes significant items of \$17.2 million, the major item of which was the gain on the sale of the Orbost Gas Plant. The sale of the plant to the APA Group was completed in October 2017 pursuant to the agreement for APA to upgrade and operate the Orbost Gas Plant to process gas from the Sole gas field.

Full details of significant items and a reconciliation to underlying profit is included in the annual financial report lodged with the ASX today.

Excluding significant items, underlying EBITDA of \$32.6 million for the year increased 515% from the previous corresponding figure of \$5.3 million. The company recorded an underlying profit of \$9.8 million compared with an underlying loss of \$8.7 million in the 2017 financial year.

Cash generation increased substantially, with net cash from operating activities of \$22.2 million for the year compared with \$4.1 million in the previous year. The Otway Basin gas production acquired in January 2017, and higher oil revenues, were responsible for the growth in cash flow, which was recorded after Petroleum Resource Rent Tax payments of \$6.7 million (zero in FY17).

Cooper Energy Managing Director David Maxwell said the FY18 results included “an early instalment of the financial growth anticipated from our gas strategy and a long list of commercial, project and technical milestones that have advanced the strategy further.

“Strong cash flow and EBITDA growth are the highlights of the financial results, largely driven by the Otway Basin gas assets. The work done during the year on gas contracting and well workover benefitted our second half results and will carry on into the new year.

“The largest item in our reported profit, the gain on sale of the Orbost Gas Plant, is attributable to the gas strategy we have been executing since 2012 and the value this has created in what was a non-operational gas plant. Now, under APA Group ownership, the plant is being upgraded to process gas from our Sole gas field. We expect the Orbost Gas Plant will play a broader role in gas supply to south-east Australia.

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<sup>1</sup> FY18, FY17: refers to the 12 months to 30 June of the year specified.

Mr Maxwell noted there were no lost time injuries or environmental incidents and commended all who contributed to this result.

“The year was our first as Operator of our offshore production and development projects in Victoria and we were also responsible for an offshore drilling and workover campaign that spanned nearly 5 months. This required a quantum step-change in the management of health, safety and our impacts on the environment and communities.

“It is pleasing to note the performance of our staff and contractors in accepting, anticipating and meeting the extensive requirements for safe and responsible operations our development has brought. I would like to record our appreciation to all staff and contractors and encourage their ongoing resolve for further improvement in the FY19.

“The ‘main event’ for the year was, without doubt, the Sole Gas Project which, over the past 12 months, has been financed, taken to FID and is now 64% complete with both production wells ready for connection” said Mr Maxwell.

Cooper Energy reported the completion of the second well, Sole-4, on 6 August 2018. “The successful completion of Sole-3 and Sole-4 has closed the project drilling workstream. Well and reservoir performance were more than sufficient for the design throughput, and gas composition well below plant design ceiling. We look forward to commencing the pipelay in October to connect the wells to the plant” he said.

“The project continues to proceed within schedule and budget. We are now within 12 months of the start-up of Sole and the forecast ramp-up in our annual gas production of 5 times.”

The Sole Final Investment Decision (FID) was the major factor in the 348% increase in proved and probable reserves at 30 June from 11.7 million boe to 52.4 million boe (barrels of oil equivalent). Gas reserves in the Otway Basin also increased after analysis of strong field performance. Total proved and probable gas reserves increased to 309 petajoules.

The company concluded the year with drawn debt of \$125.9 million and cash and other financial assets of \$259.3 million, having secured senior bank finance facilities totalling \$265 million (including a \$15 million working capital facility) to partly fund the Sole Gas Project.

Mr Maxwell said the company expects FY19 will be a very busy year as Cooper Energy brings the Sole Gas Project to completion and executes a suite of initiatives to generate further value from the gas portfolio.

“Market conditions and the outlook for cost competitive gas in south-east Australia are highly encouraging for the foreseeable future. We expect 2019 will be an extremely busy year for our team as we work to deliver full value for our shareholders for the gas we can bring to market and for the exploration potential within the portfolio” he said.

“Delivering the Sole Gas Project on time and within budget is clearly the highest profile, and most significant, task in our program. Alongside this, there is a package of other commercial and drilling projects we expect to advance with the object of providing revenue and production growth additional to that which will flow from Sole.

“We are currently negotiating gas contracts for 2019 from the Otway Basin and will soon start marketing uncontracted gas from Sole. We are now in the position where we can apply a portfolio strategy to the contracting of our remaining gas.

“Market interest is strong, and the competitiveness of our gas is such that we anticipate attractive opportunities for sale right across the spectrum of gas buyers in south-east Australia” Mr Maxwell said.

“We have drilling plans to bring more gas to market from a range of development, appraisal and exploration targets in the Otway and Gippsland Basins. One of our major tasks for the year will be the preparation of the FY20 offshore drilling campaign to bring the next wave of growth after Sole” he said.

Opportunities included in the proposed FY20 program are: the Manta-3 appraisal and exploration well which is expected to inform an investment decision on the field’s development as a second phase project

alongside Sole; a development well to lift production from the Henry field and two exploration wells in the company's gas-prone offshore Otway Basin acreage. An exploration well is planned for FY19, in PEL 494 in the onshore Otway Basin, adjacent to Beach Energy's Haselgove-3 gas discovery.

Production of 6 petajoules of gas and 238,000 barrels of oil is expected from the company's existing producing assets, with this figure not including gas that may be produced in the commissioning phase of the Sole Gas Project scheduled for the final quarter of the financial year.

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 FY18 results 9:00 am 13 August 2018**

A presentation on the results will be made via conference call and webcast commencing at 9:00 AEDT Monday 13 August with recording accessible on the company's website from 2:30 pm AEDT. Details are as follows:

**Webcast access:**

<https://webcast.openbriefing.com/4664/>

**Conference call:**

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

Conference ID number: 189 8788

Australia Toll: +61 2 8038 5221 (can be used if dialing from international location)

Australia Toll-free: 1800 123 296

**International:**

Toll-free dial in numbers for each country are listed below. For countries not listed below, the Australian Toll number provided above may be used.

Canada	1855 5616 766	New Zealand	0800 452 782
China	4001 203 085	Singapore	800 616 2288
Hong Kong	800 908 865	United Kingdom	0808 234 0757
India	1800 3010 6141	United States	1855 293 1544
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