

11 February 2019

FY19 First half results:

## Gas sales drive revenue and underlying profit growth

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- Net loss after tax of \$12.6 million after significant items of \$(15.7) million
- Underlying profit up 41% to \$3.1 million from \$2.2 million
- Underlying EBITDA up 6% to \$13.8 million from \$13.0 million
- Gas sales revenue up 32%
- Sole Gas Project to 86% complete and within budget
- New gas contracts for 2019 and negotiating new contracts for Sole start and beyond
- Conference call and webcast 9 am AEDT Monday 11 February

Cooper Energy has announced a statutory loss of \$12.6 million after incurring significant items of \$(15.7) million for the six months to December 2018 (FY19 first half). The result compares with the FY18 first half statutory profit of \$19.8 million, which included significant items totalling a gain of \$17.6 million.

The significant items in the FY19 first half principally comprise a \$16.5 million increase in restoration expense arising from reassessment of provisioning for the rehabilitation of the non-producing Patricia Baleen gas field. The previous first half statutory profit included the gain on sale of the Orbost Gas Plant. Full details of significant items and a reconciliation to underlying profit is included in the half year financial report lodged with the ASX today.

The company increased its earnings generation before significant items. Underlying profit after tax for the six months to December rose 41% to \$3.1 million compared with \$2.2 million. Underlying EBITDA of \$13.8 million for the half-year was 6% higher than \$13.0 million recorded in the previous first half.

Increased revenue generation from gas supply was the key factor in the higher underlying profit. Sales revenue for the period grew 16% to \$36.2 million, up from \$31.3 million, despite lower production and sales volumes. Growth in revenue from gas, which increased from \$19.5 million to \$25.6 million, more than offset the impact of reduced revenue from oil.

Cooper Energy Managing Director, David Maxwell said the FY19 first half results had two clear features.

“First, the results demonstrate the emerging value of our gas business. In 2018 we replaced legacy gas contracts with new sales agreements in line with market prices. Our revenue from gas rose 32% and drove the increase in underlying EBITDA and net profit we have reported today. This process is ongoing, as another round of agreements commenced on 1 January this year and we are currently negotiating gas sales agreements for uncontracted gas to be produced from Sole start-up and beyond.

“Second, the execution of the Sole Gas Project, which has proceeded to 86% complete at 31 December, within budget and enabled a redetermination of our finance facilities. We will be using the funds released to help fund the Otway Basin exploration drilling which we have accelerated into the current year. The prospects to be drilled are low risk, low-development-cost and can be tied into our Otway Basin infrastructure and are capable of delivering the next wave of growth after Sole” said Mr Maxwell.

The Sole gas field is expected to produce its first gas for commissioning of the upgraded Orbost Gas Plant in June, with plant performance testing and first sales scheduled for July. APA Group is currently conducting the upgrade to the Orbost Gas Plant.

Work remaining on the offshore project includes laying and trenching of the control umbilical currently underway, repair of the damaged pipe section previously reported, final tie-in and connection and final testing which is all expected to be completed by end-May.

Mr Maxwell noted there were no lost time injuries or environmental incidents and commended all who contributed to this result. “Operating safely and responsibly is our top priority each day at every location. The retention of an injury-free and incident-free record can only be accomplished by the sustained focus and resolve of every employee and contractor engaged in our operations. All staff and contractors are commended for this achievement.

The company concluded the year with drawn debt of \$186.4 million, cash of \$193.9 million and undrawn facilities of \$60.7 million.

Cooper Energy is on track to deliver the Sole Gas Project within the budget of \$355 million, having incurred capital expenditure of \$281 million to 31 December and all remaining work to be performed under fixed price lump sum contracts.

Mr Maxwell highlighted the completion of the project as one of a number of milestones scheduled for the coming six months.

“The completion of the Sole Gas Project will be transformative, lifting gas production almost five-fold from this year’s level. Sole is our first offshore development project as operator and the most substantial element of the gas strategy we have been executing since 2012.

“Other initiatives to increase the value of our gas business are now also underway. Negotiations on gas contracts are advancing and we expect announcements of new agreements in the coming months.

“The drilling of the Annie and Elanora wells scheduled for May will be the culmination of more than two years of work by our technical team in analysing and understanding the prospectivity of our Otway Basin acreage. This work confirms our assessment of the offshore Otway Basin as the best location for finding and developing cost-competitive gas reserves for south-east Australia” said Mr Maxwell.

Cooper Energy holds a 50% interest in, and is Operator of, the Annie and Elanora wells, with the balance held by Mitsui E & P Australia and Peedamullah Petroleum Pty Ltd.

Other plans for the second half include upgrade of the control umbilical and maintenance at Casino Henry, preparation for the acquisition of the Minerva Gas Plant by the Casino Henry Joint Venture, development drilling in the Cooper Basin and planning for the 2020/21 drilling campaign.

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 11 February 2019

A presentation on the results will be made via conference call and webcast commencing at 9:00 AEDT Monday 11 February with recording accessible on the company's website from 2:30 pm AEDT. Details are as follows:

### **Webcast access:**

<https://webcast.openbriefing.com/5027/>

### **Conference call:**

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

Conference ID number: 9773308

Australia Toll-free: 1800 123 296

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

International:

Toll-free dial in numbers for each country are listed below. For countries not listed below, the Australia 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 2666 836	United States	1855 293 1544
Japan	0120 994 669		