ASX Announcement / Media Release

25 August 2020

Review of asset values at 30 June

Cooper Energy (ASX:COE) advises it anticipates non-cash impairment charges in its financial statements for the year ending 30 June 2020 following a review of asset values.

Summary
The review assessed carrying values and abandonment provisions in light of lower current gas and oil prices in post-COVID-19 markets, the US dollar exchange rate, lower interest costs and intelligence acquired since 31 December 2019 on drilling, development, restoration and abandonment costs.

The final quantum of the charges is subject to finalisation and approval of Cooper Energy's full year audited financial statements and is expected to be approximately $108 million before tax ($76 million after tax). This charge has no impact on underlying EBITDAX or cash flow and is excluded from underlying results.

The impairments anticipated by asset are summarised in the following table and discussed in more detail from page 2.

Anticipated non-cash impairments in FY20 financial statements[1]

Asset	Pre-tax $ million	Post-tax $ million	Factors & comment
Casino Henry	28	20	- *Revisions to uncontracted gas price assumptions* - *Revisions to estimates of development & abandonment costs*
VIC/P44	29	20	- *Revisions to uncontracted gas price assumptions* - *Revisions to estimates of development costs*
VIC/RL 13, 14,15 (BMG oil asset, Manta gas)	42	29	- *Revisions to uncontracted gas and oil price assumptions* - *Revisions to estimates of development & abandonment costs*
Cooper Basin exploration (PRLs 85 -104)	8	6	- *No substantive expenditure on exploration budgeted*
Onshore Otway	1	1	- *Redefinition of area of interest* - *No substantive expenditure is budgeted or planned*
Total[1]	**108**	**76**	*No impact FY20 cash impact*

[1] Subject to final audit and finalisation of accounts

Approved and authorised by David Maxwell, Managing Director, Cooper Energy Limited
Level 8, 70 Franklin Street, Adelaide 5000; www.cooperenergy.com.au

Cooper Energy Managing Director David Maxwell said "The impairments have been made to align our asset carrying values with 2020 prices, costs and expectations. Price assumptions for uncontracted gas have been revised to reflect the lower, post-COVID-19 prices currently prevailing and anticipated for FY21, increasing thereafter. For our uncontracted gas, the impact of adopting current prices has been significant as Victorian spot prices at 30 June 2020 were approximately 50% lower than 12 months earlier".

"We believe the outlook for uncontracted south-east Australian gas is favourable in the coming years notwithstanding this year's impairment. Our analysis, and that of independent analysts, suggests the forecast tightening gas supply of 2022-23 in south-east Australia will be exacerbated by the industry's capital expenditure cutbacks of 2020 and 2021" said Mr Maxwell.

Cooper Energy's uncontracted gas is principally located in the offshore Otway Basin. Supply from the Sole gas field is largely contracted.

Mr Maxwell said the company's activity during the year in prosecuting development and abandonment projects had informed the review of carrying values and provisions. "We have applied development and decommissioning cost data acquired during the period and taken account of the US dollar exchange rate across our portfolio for the purposes of the review.

"Cost reductions are being pursued in FY21 as we are currently in the process of re-enquiry and re-tendering on projects in train given the low global activity levels customarily reducing costs" he said.

Prices and economic assumptions
The review of asset values incorporates revised assumptions for oil and gas prices and exchange rates based on current and expected values. Contracted gas is modelled at prices specified in the relevant gas sales agreements. Price assumptions for uncontracted gas have been revised to reflect expectations as at June 2020 for future term gas sales. The resultant price deck has lower current and near-term prices with rising prices in coming years due to tightening gas supply in south-east Australia.

Price & Exchange rate assumptions	FY21	FY22	FY23	FY24
Average Brent US$ (real 2020)	45	55	60	60
Exchange rate USD:AUD	0.65	0.68	0.68	0.68
Uncontracted gas A$/GJ (real 2020)	6.00 – 8.00		8.00 – 11.00	

Comments on principal individual assets

Casino Henry
It is expected the carrying value of the Casino Henry gas oil and gas asset will be impaired by $28 million. The principal factor in the expected charge is lower near-term price assumptions for uncontracted gas. Gas production from Casino Henry is fully contracted in calendar year 2020 and largely uncontracted from 1 January 2021 onwards.

Development cost estimates have been updated for revisions to development costs for Henry within the Otway Phase 3 Development (OP3D) project analysis and Athena gas plant costs. Abandonment and restoration costs have been updated from price discovery acquired in the process of preparing for BMG abandonment, a lower USD exchange rate and the expected regulator requirements.

VIC/P44

VIC/P44 carrying value incorporates acquisition costs arising from the purchase of the permit in FY17 including prospective resources identified at the time and carry forward capital expenditure. Carry forward expenditure is largely attributable to the drilling of the Annie-1 well. Impairment of $29 million is anticipated.

Sole

The Sole asset was tested for impairment including assessment of the impact of the current and ongoing delays to the completion of the Orbost Gas Processing Plant. The testing indicated the recoverable amount for Sole exceeded the asset's carrying value and therefore no impairment has been recognised.

Impairment testing of Sole incorporates cash flows anticipated under the Transition Agreement between Cooper Energy and APA announced 20 August 2020. For the purposes of impairment testing, firm sales from Sole with the OGPP operating at full rates, are assumed to commence in the second half of FY21.

VIC/RL13, RL14 & RL15

An impairment of $42 million is anticipated for these Retention Licences which hold the Manta gas and gas liquids resource, the Manta deep prospective resource and the shut-in BMG oil project. The company is planning to abandon the BMG subsea oil infrastructure, most likely in FY22/23 subject to rig availability. Planning and contractor engagement for the abandonment during the period has updated the relevant cost estimates.

The carrying value of the Manta gas and liquids resource and the Manta Deep prospective resource has been tested under revised gas and oil price assumptions.

The impairment to the carrying value of VIC/RL13, RL/14 and RL/15 incorporates the updated costs for BMG abandonment and the impact of revised price assumptions for uncontracted Manta gas and revised oil price assumptions.

PEL 92 joint venture oil production (various PPL's)

The carrying value of the PEL 92 oil production assets was tested under new price assumptions. No impairments are anticipated for this asset.

PEL 92 joint venture exploration (PRLs 85 – 104)

The PEL 92 area comprises an exploration asset for the area of interest comprising non-producing areas and oil assets for producing areas. The PEL 92 joint venture is focussing its capital investment on development of existing producing fields and operations. An impairment of $8 million to the value of the PEL 92 exploration area of interest is anticipated.

Onshore Otway

Impairment of $1 million to PEP 150 and general capitalised costs are anticipated to recognise redefinition and restriction of the Otway onshore area of interest to the Penola Trough blocks PEL 494, PRL 32, PEP 171 and PELA 680.

Announcement of final financial results

The expected impairments are subject to audit and will be recorded in the financial accounts for the year ended 30 June 2020. Cooper Energy will announce its financial results on Monday 31 August.

Comment	Investors	Media
David Maxwell	Don Murchland	Bindi Gove
Managing Director	Investor Relations	Head of External Affairs
+61 8100 4900	+61 439 300 932 don.murchland@cooperenergy.com.au	+61 406 644 91 bindi.gove@cooperenergy.com.au

Cooper Energy Limited (ASX: COE) is an ASX200 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-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 south-east Australia to commence production in several years, the Casino Henry operations in the offshore Otway Basin and undeveloped resources such as Manta and Annie.