

Sole gas project: delivering transformational change

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Presentation to Australian Domestic Gas Outlook 2018



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Qualified petroleum reserve and resources evaluator: This Presentation contains information on petroleum reserves and resources which is based on and fairly represents information and supporting documentation reviewed by Mr Andrew Thomas who is a full time employee of Cooper Energy holding the position of General Manager, Exploration & Subsurface, holds a Bachelor of Science (Hons), is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers and is qualified in accordance with ASX Listing Rule 5.41 and has consented to the inclusion of this information in the form and context in which it appears.

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P50 as it relates to costs is best estimate; P90 as it relates to costs is high estimate

Sole: a new gas supply for south-east Australia from 2019

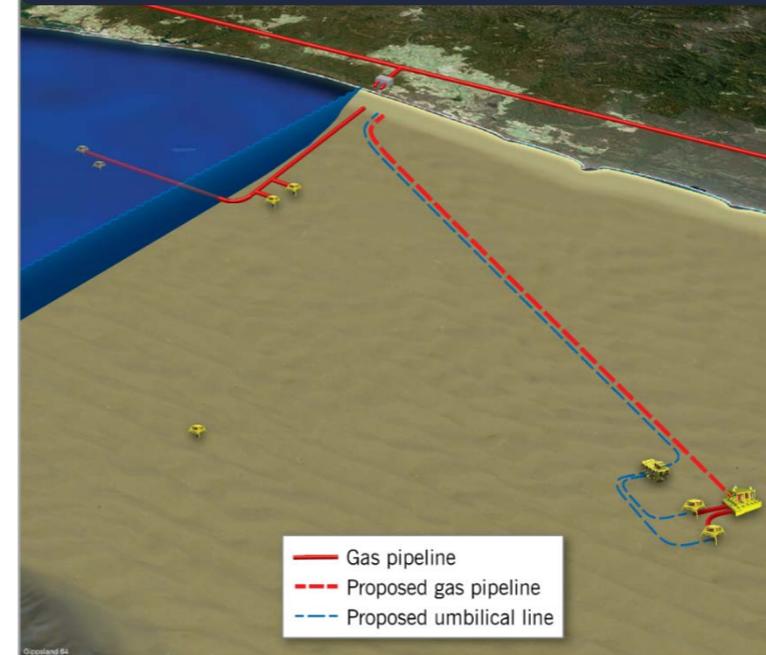
Sole gas project - \$605 million development, offshore Victoria

Onshore: APA Group



- \$250 million upgrade and re-opening of Orbest Gas Processing Plant
- Capability to process gas from other projects
 - including other Cooper Energy gas

Offshore: Cooper Energy

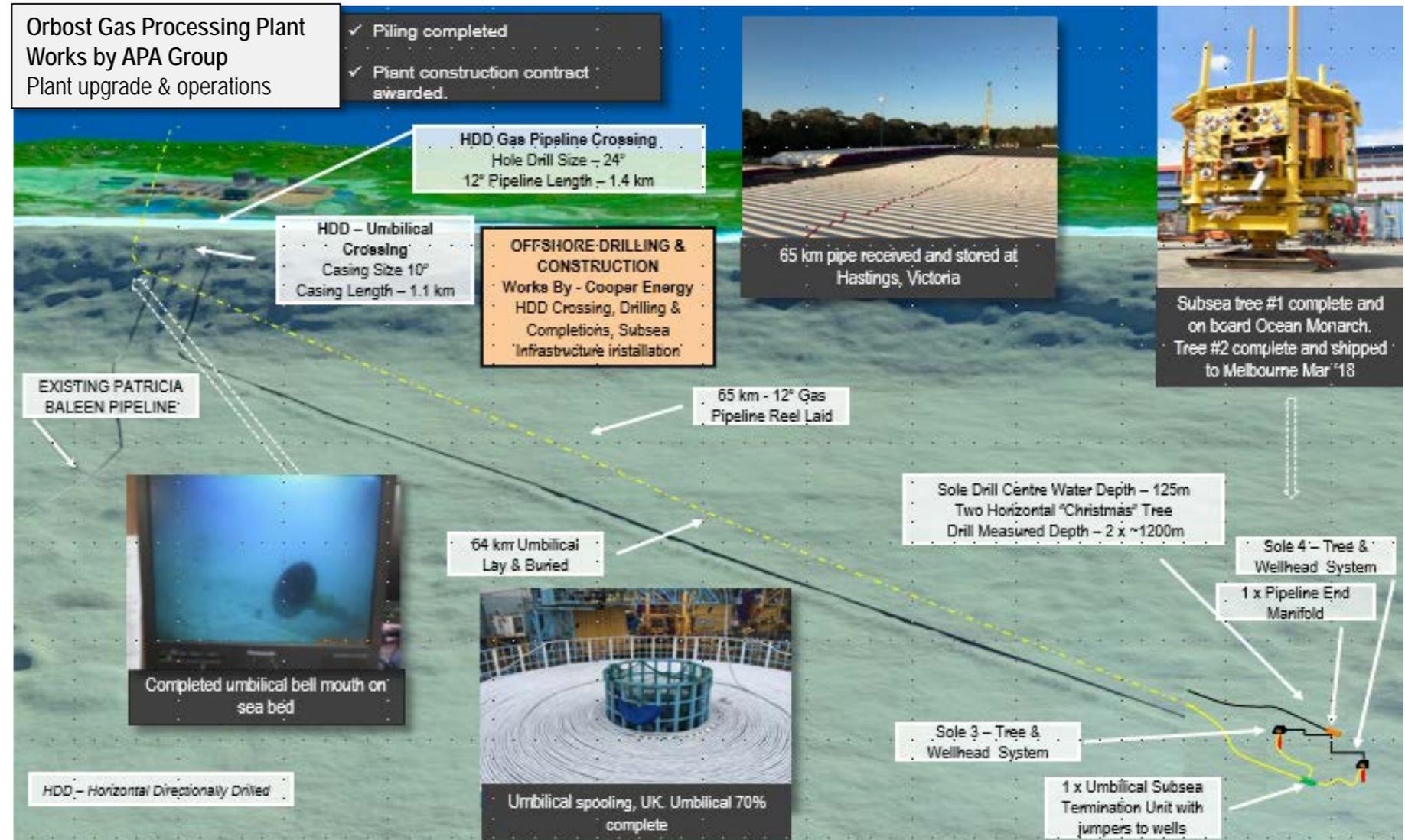


- \$355 million subsea development and shore crossing
- Supplying 24 PJ pa from mid-2019
- 249 PJ 2P reserves¹

Sole gas project

Project 30% complete at end-January 2018

- Production wells drilled: April – May '18
- Gas to plant target: March '19
- Start supply target: mid CY '19

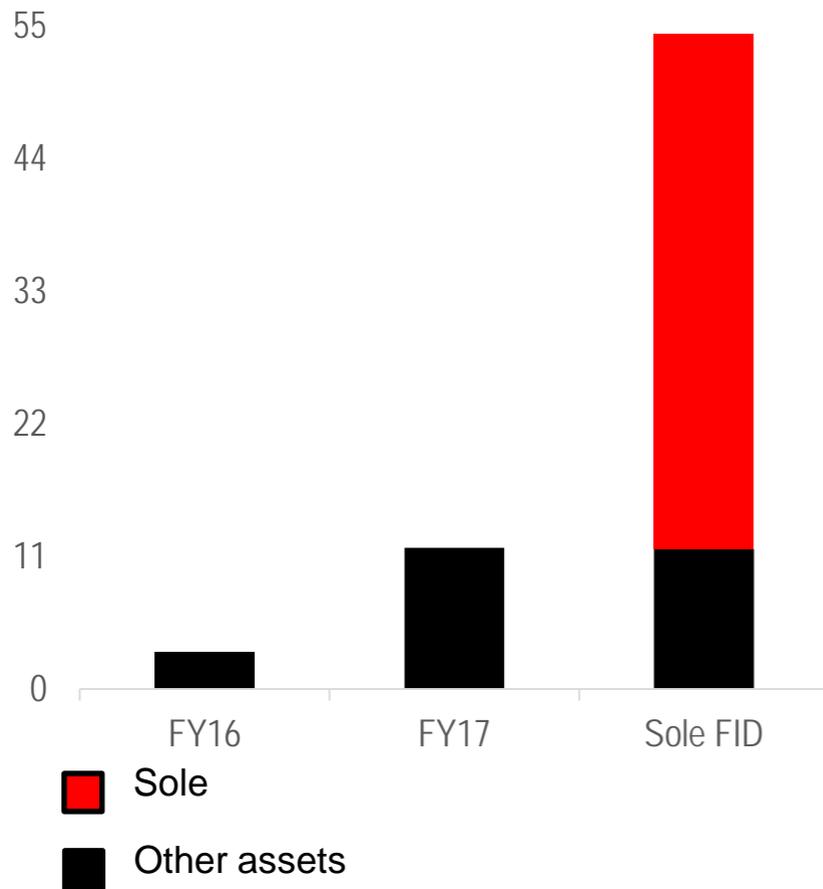


Rig preparing to depart Fremantle for offshore Victoria

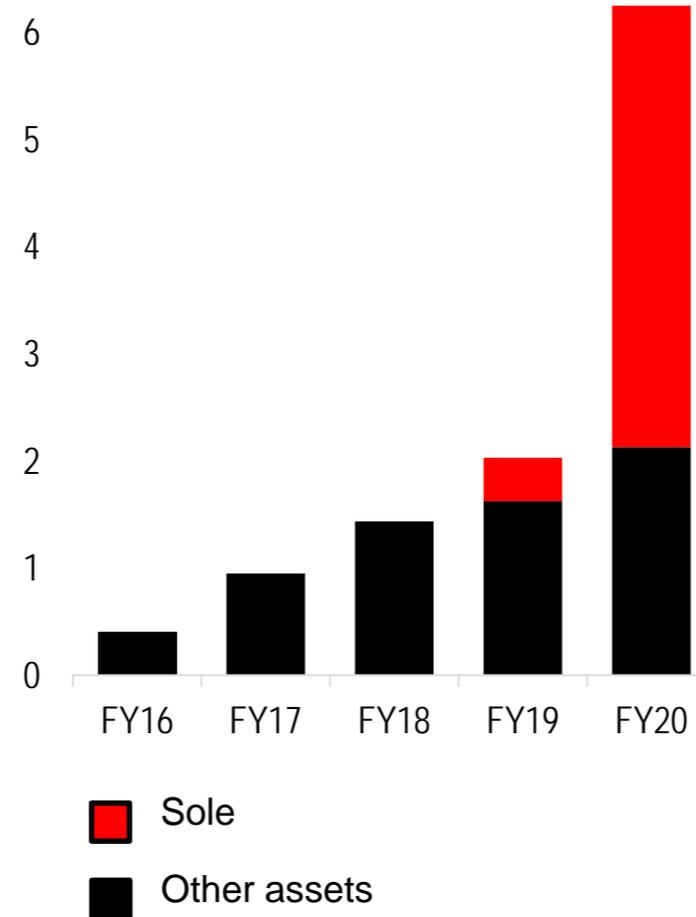
Impact of Sole on Cooper Energy

Transformational impact on reserves and expected production and cash flows

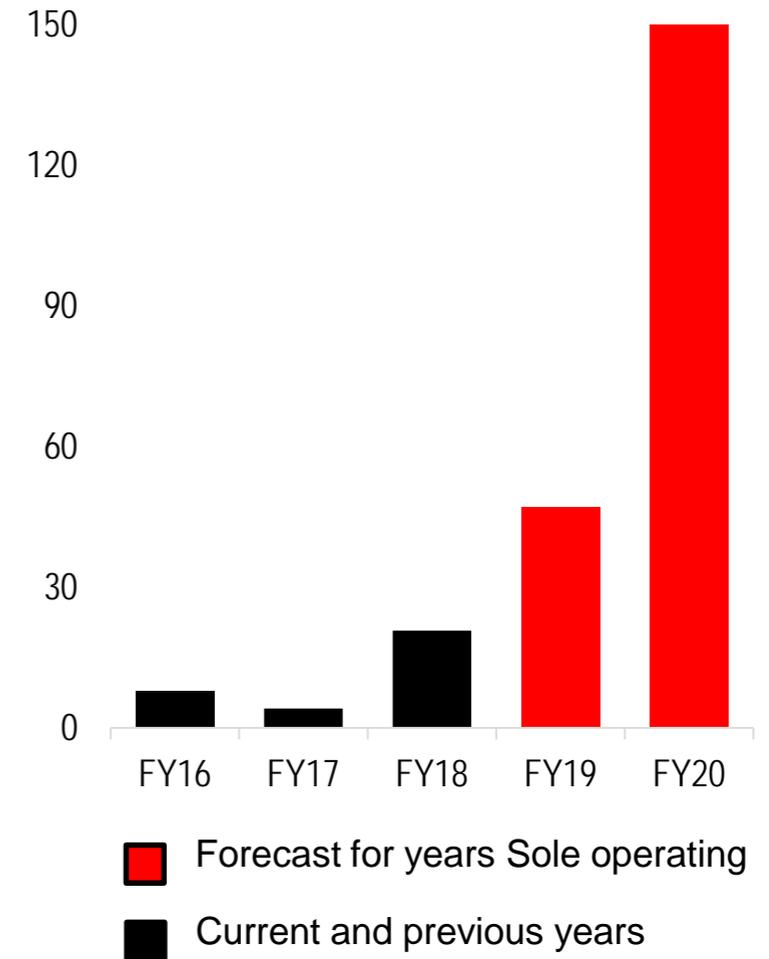
Proved & probable reserves
MMboe



Forecast production
MMboe



Estimated* operating cash flow
\$ million

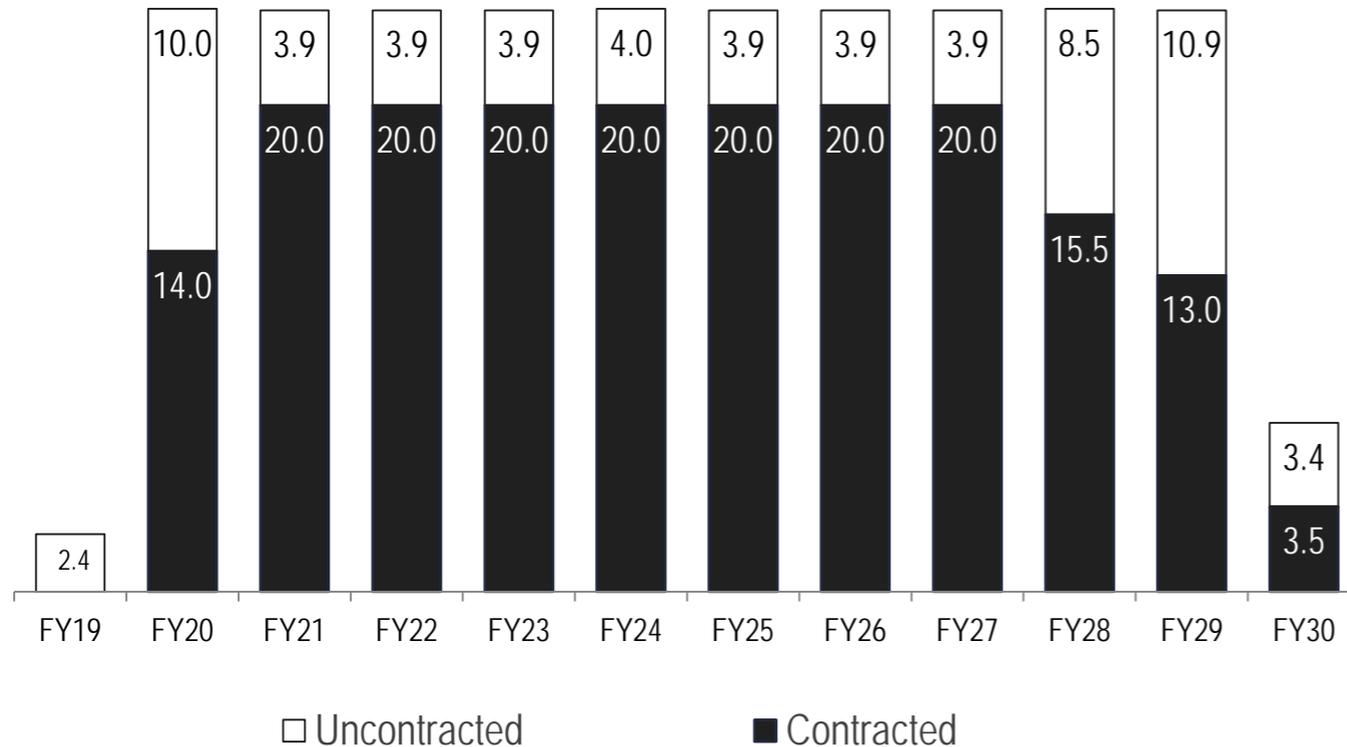


* Average of analyst estimates for years FY18-FY20. Averages of analyst estimates displayed are not Cooper Energy estimates and accordingly should be regarded as indicative and not as company estimates.

Sole to supply 24 PJ per annum to utility and industrial gas customers

Customers committed long term off-take at competitive prices, 63 PJ available for further contracts

Sole gas production
PJ pa

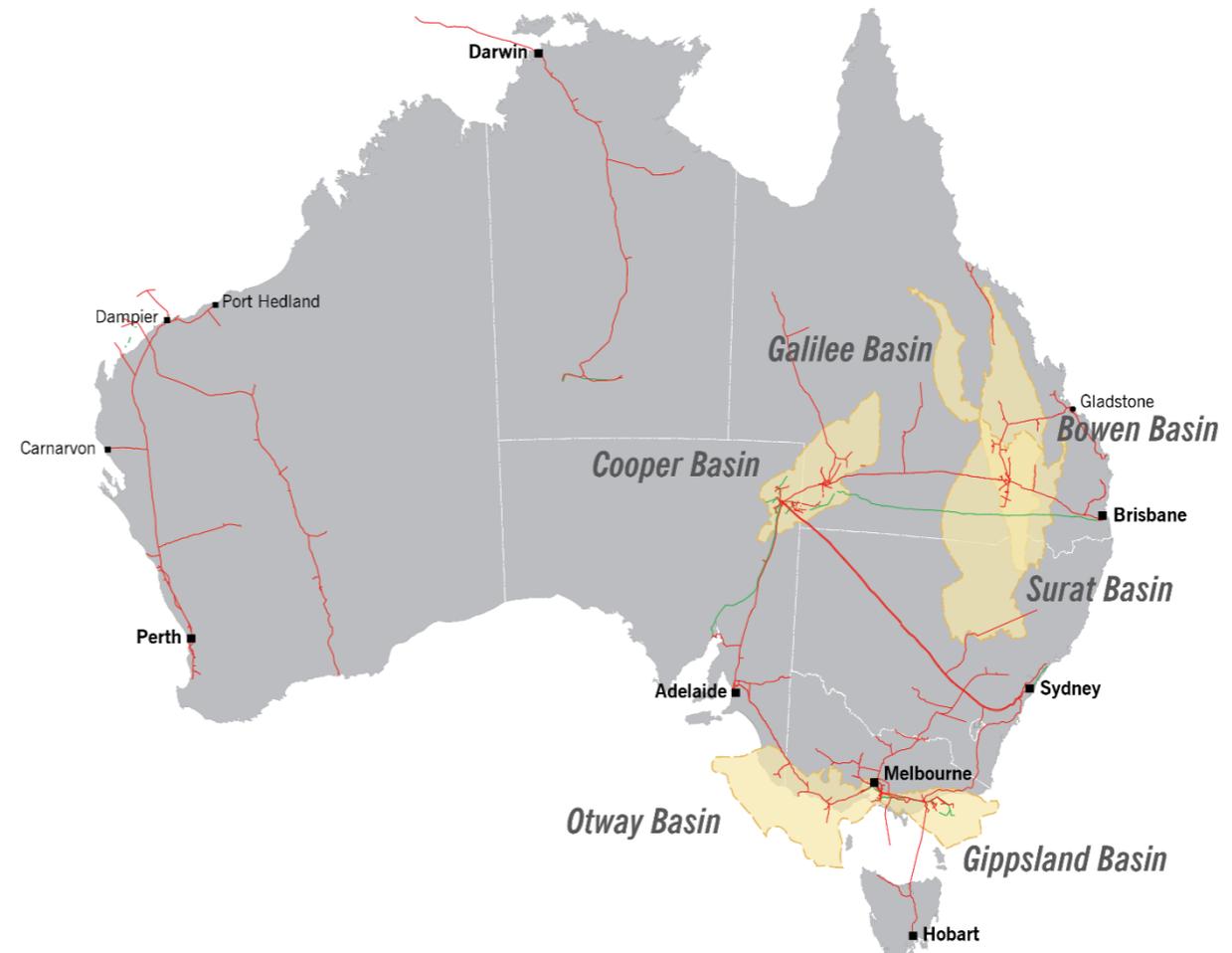


Our development of Sole began with market analysis in 2012

Recognition of the impact of LNG manufacture prompted supply and demand analysis

South-east Australia: supply v demand

- Many identified tight supply 5 years ago
- Very few took any action - "she'll be right"
- Policy absence
- Crisis – oil price collapse; activism; reserve downgrades



Identifying where to play the “gas to south-east Australia” opportunity

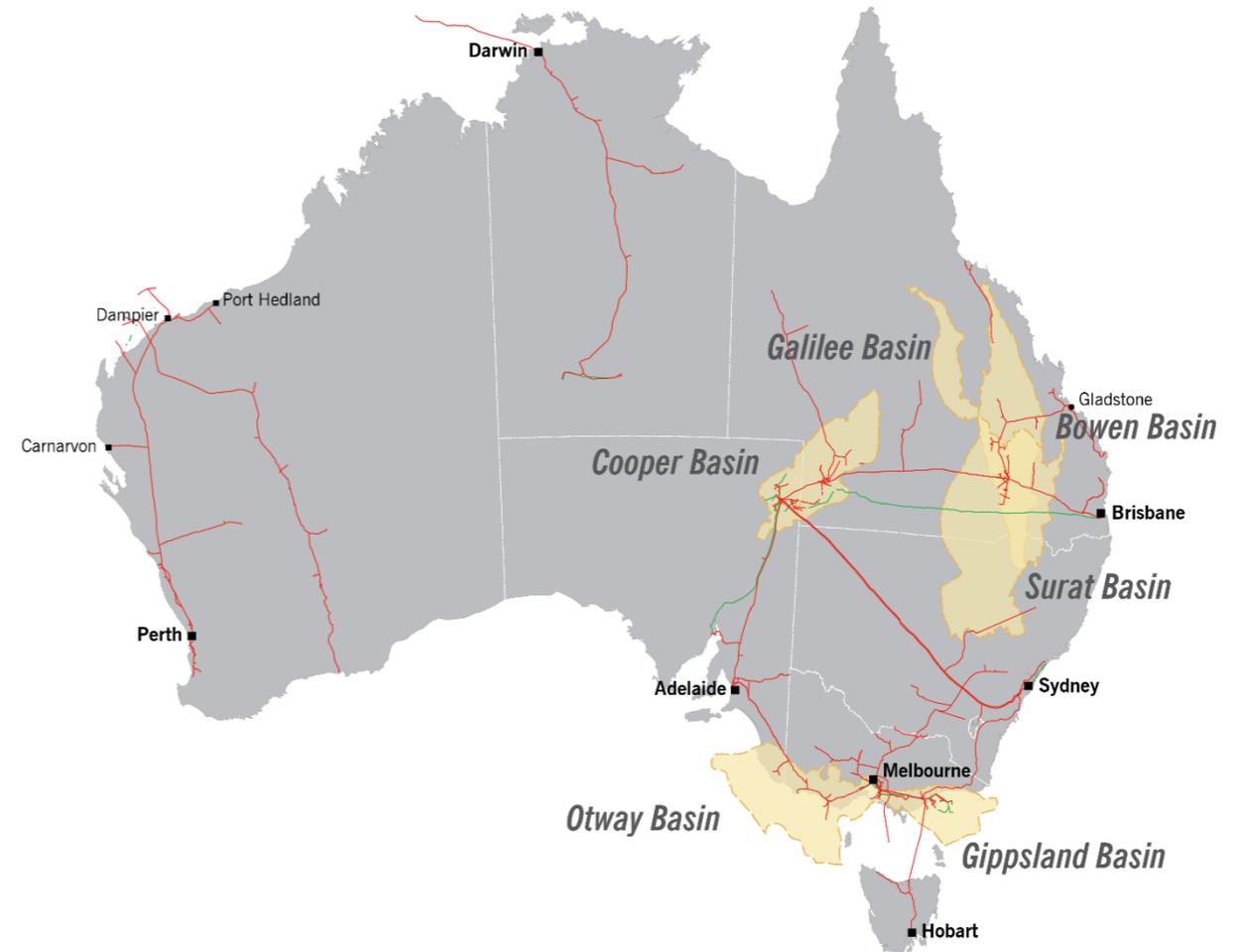
Potential supply sources were screened for shareholder value and risk criteria

South-east Australia: supply v demand

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Cooper Energy investment criteria

- ? Suitable return for risk
- ? Superior position on delivered cost to the customer
- ? Development foreseeable within 5 years
- ? Must add value to Cooper Energy and/or opportunity for Cooper Energy to add value



Identifying where to play the “gas to south-east Australia” opportunity

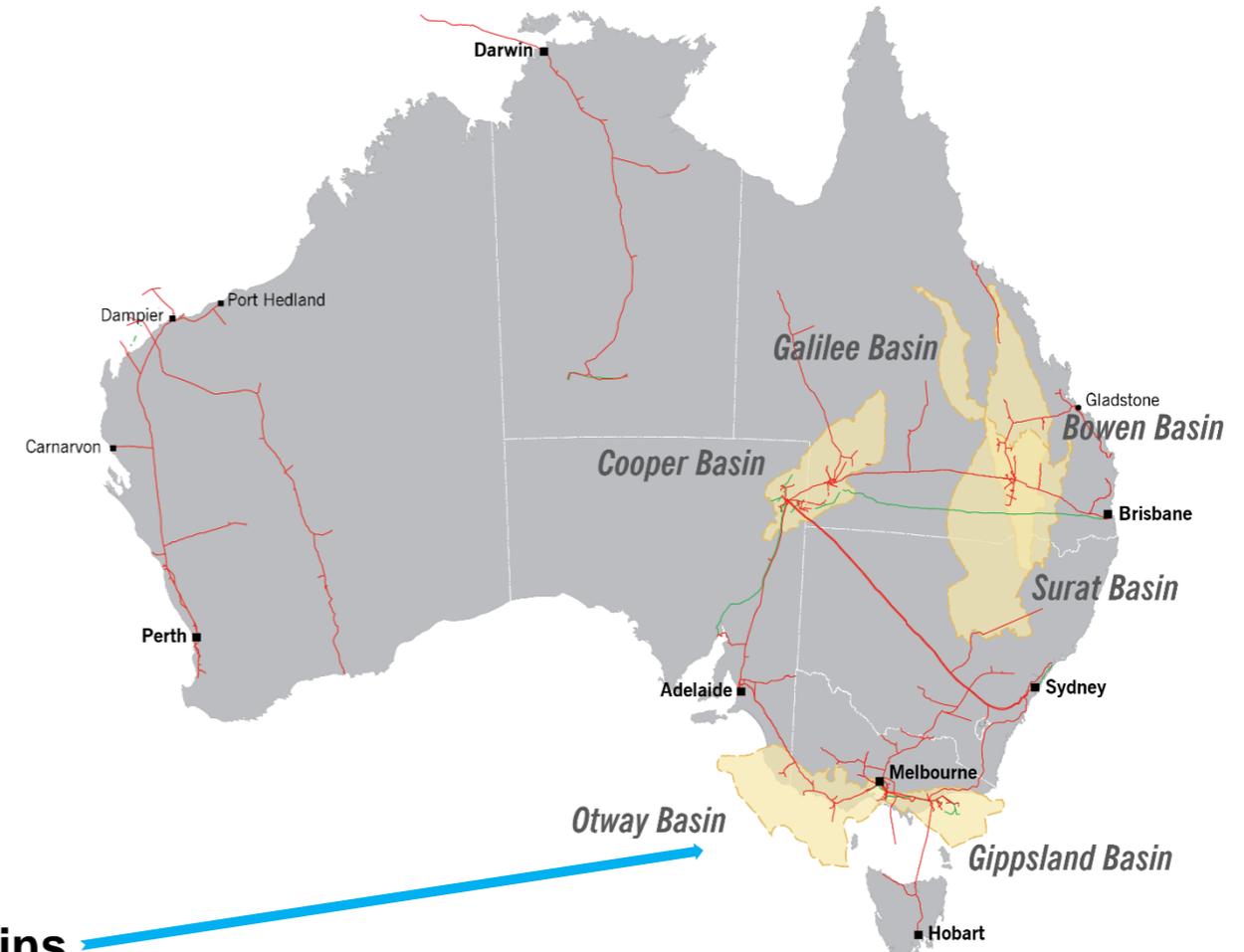
Clear winners in supply to south east Australia identified by cost curve analysis

South-east Australia: supply v demand

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Otway and Gippsland Basins

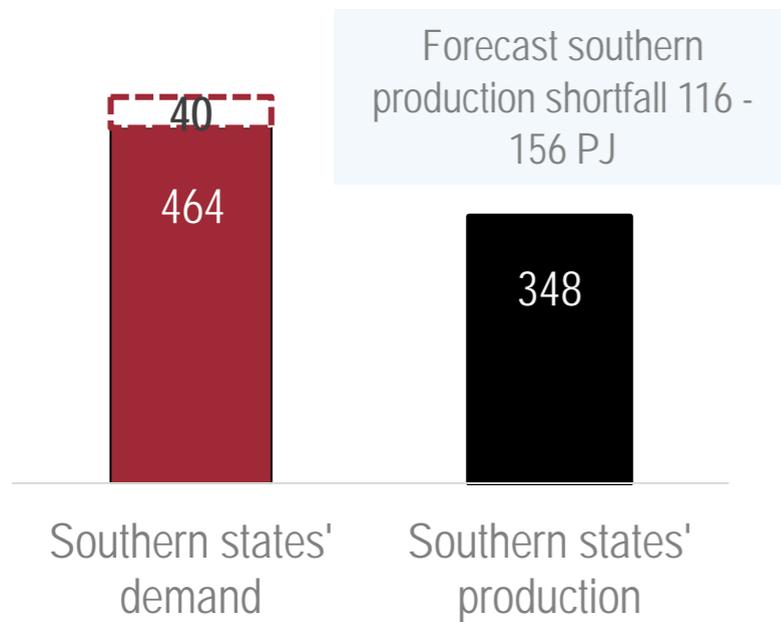
- ✓ Conventional gas
- ✓ Existing infrastructure
- ✓ Close to market

} =
Lowest cost to market
Attractive for equity, debt, counterparties
Front of queue for development
Front of queue for returns

ACCC view of supply and pricing for south-east Australian gas

Forecast gas demand exceeds forecast local production

Southern states* gas demand and production balance 2018 PJ



* Excludes Cooper Basin Source: ACCC Gas Inquiry 2017-2020 Interim Report December 2017

...necessitating supply from northern fields...

Gas flows



the delivered cost of which is the price benchmark, which is affected by oil & LNG prices

Delivered 2018 gas prices A\$/GJ at southern demand centres based on Queensland benchmark prices

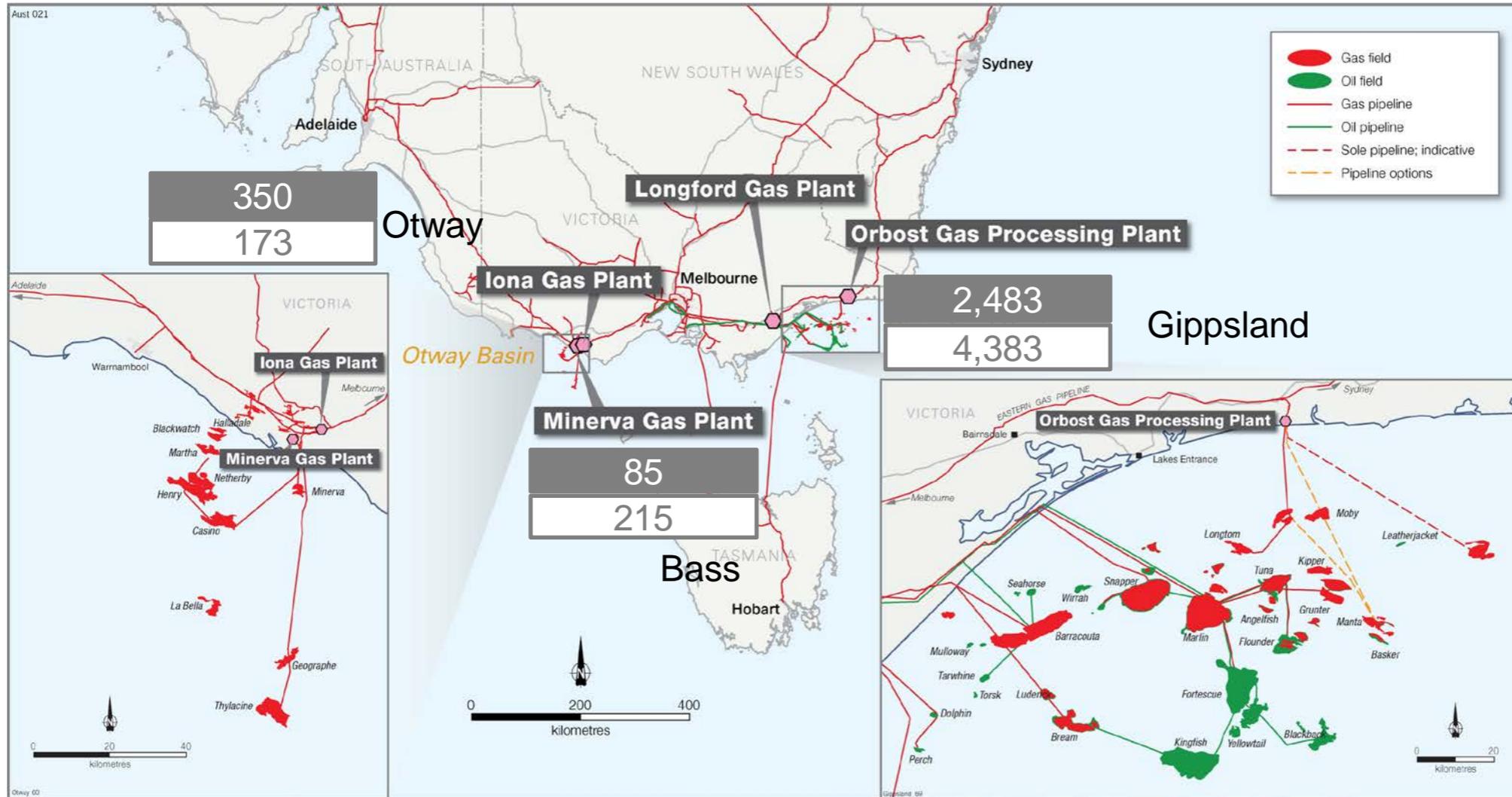
Demand Centre	Transportation ex-Wallumbilla	Delivered prices using benchmark range
Adelaide	1.85	7.72 - 9.70
Sydney	2.07	7.94 - 9.92
Melbourne	2.45	8.32 - 10.30

Source: ACCC Gas Inquiry 2017-2020 Interim Report December 2017 – which assumes US\$6/mm Btu to US\$7.50/mm Btu Asia LNG price

“While the currently expected supply-demand balance in the Southern States continues, these delivered gas prices would be expected to shape the market price of gas in the Southern States”

South-east Australia is the best supply source for south-east Australia

Opportunities in the Otway and Gippsland Basins



XXX Natural gas and ethane reserves (2P PJ)
 YYY Natural gas and ethane Contingent Resources (2C PJ)

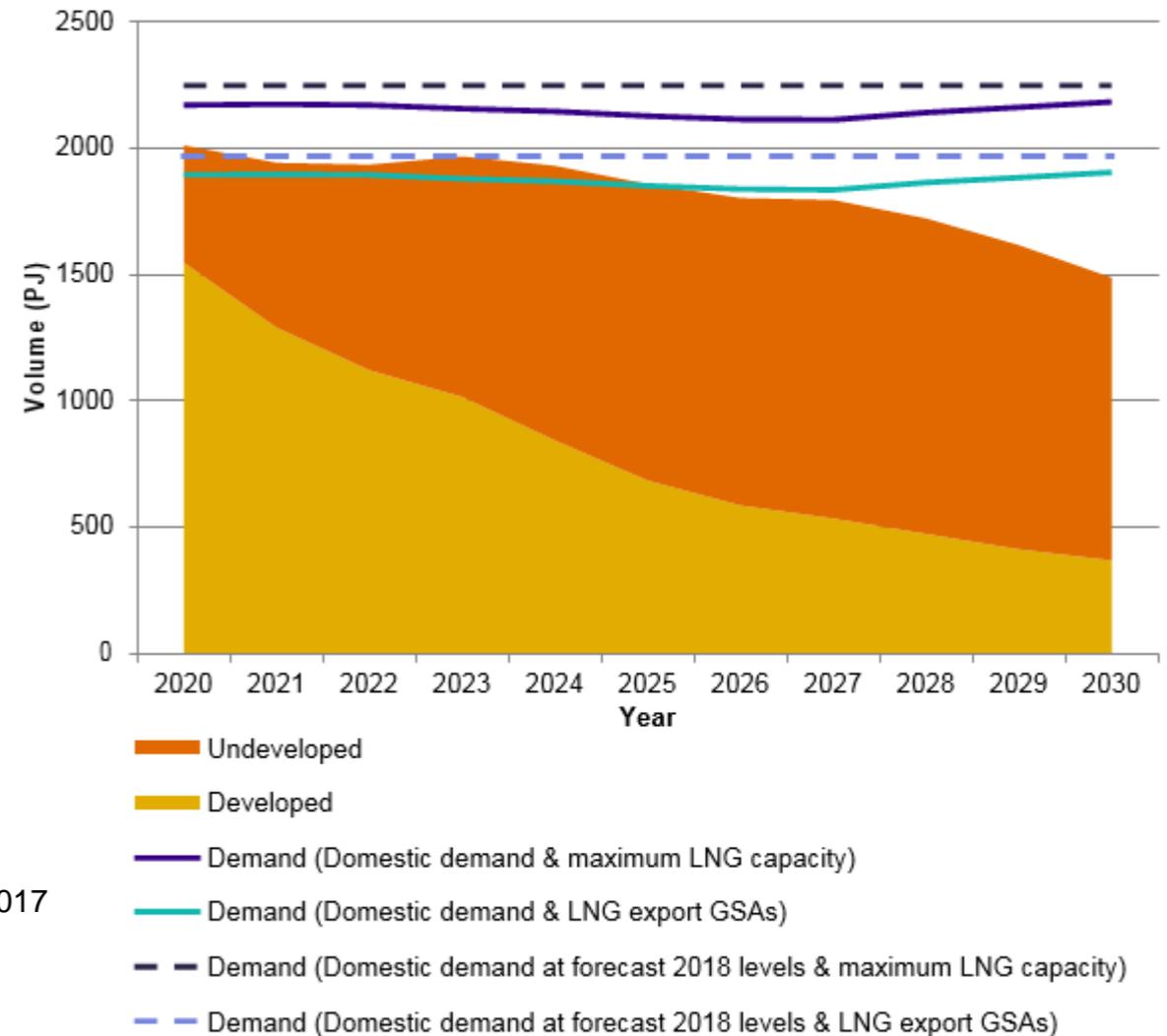


Longer term outlook

Forecasts indicate more supply required in the medium term

- Forecasts suggest supply in 10 years (2028) requires more than 75% to come from undeveloped or new supply
- ACCC estimate transportation ex Wallumbilla is \$1.85/GJ (Adelaide) to \$2.45/GJ (Melbourne)
- Gas located in south-east Australia is the most competitive supply for south-east Australia
- Cooper Energy is working to bring more new sources of gas from south-east Australia to market from 2021 on.

Forecast gas supply (including Arrow Energy and Northern Territory) compared to forecast gas demand, East Coast Gas Market, 2020- 2030



Source: ACCC Gas Inquiry 2017 – 2020 Interim Report December 2017

Portfolio style gas business building around Gippsland and Otway hubs

Plans escalating in 2018-19 with gas contracting and capex around 2 hubs best placed for supply to south-east Australia

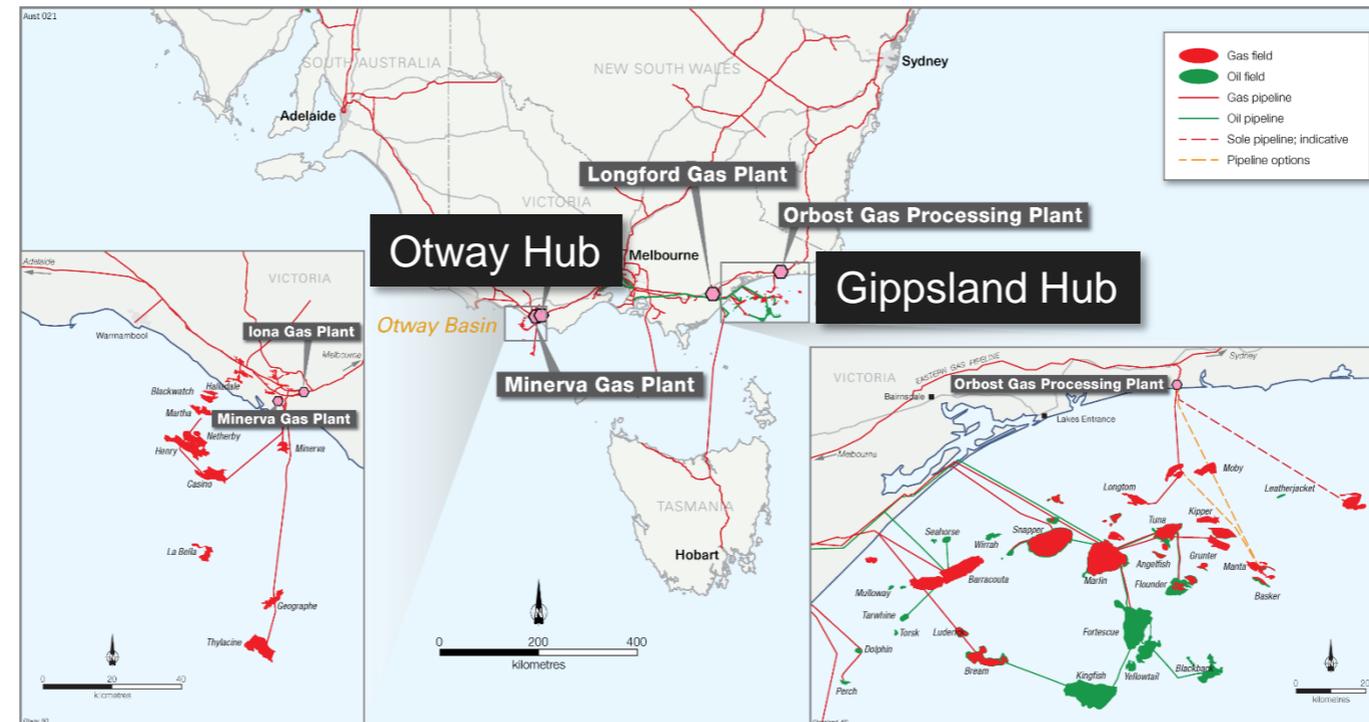
Otway: offshore & onshore

2018:

- Casino-5 workover
- Onshore exploration in Penola Trough: Dombey-1
- Marketing uncontracted gas for supply from 2019
- Minerva production

2019 & 2020:

- Drill Henry development well
- Drill 2 to 3 offshore exploration wells
- Onshore follow-on



Gippsland

2018:

- Sole Gas Project
- Marketing uncontracted Sole gas
- Evaluating other opportunities

2019 & 2020:

- Sole gas project start-up
- Drill Manta-3
- Other opportunities

Delivering:

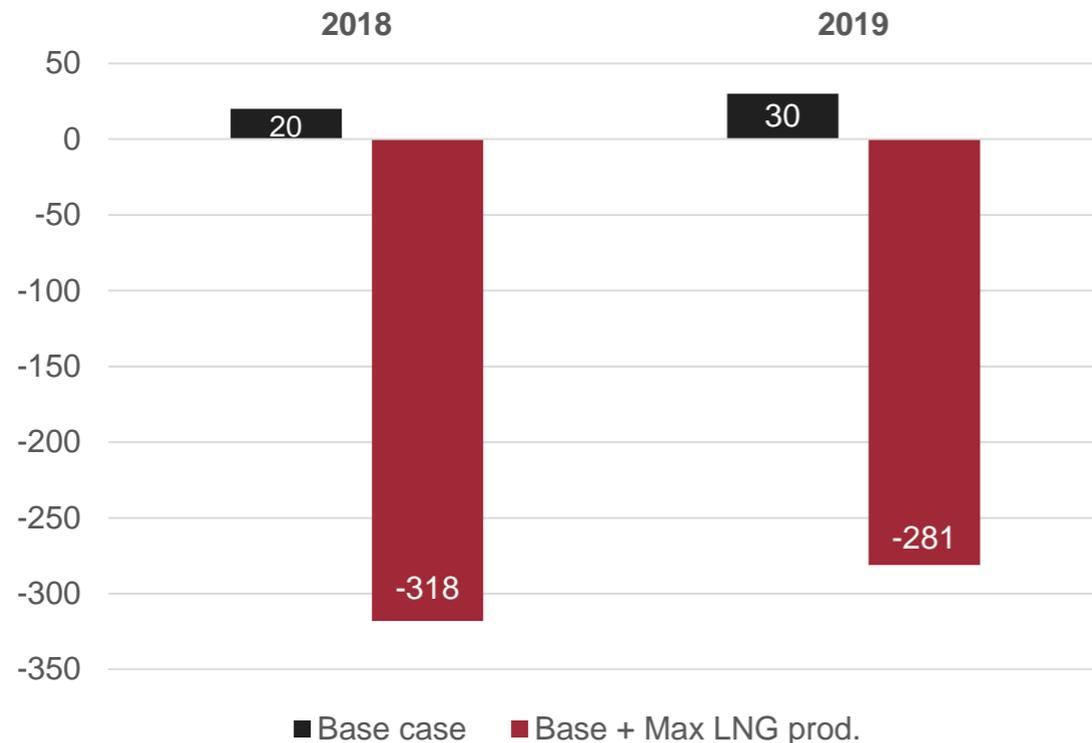
- ▶ A growing portfolio of contracts and supply to south-east Australia customers over 2019 – 2025
- ▶ A superior balance of prices for customers and returns for shareholders enabled by competitive supply cost, operations and capabilities

Appendices

Gas market outlook for eastern Australia

Forecast ongoing tight supply supportive of contracting at current prices or better

Forecast eastern Australia gas demand supply balance 2018 – 2019 PJ

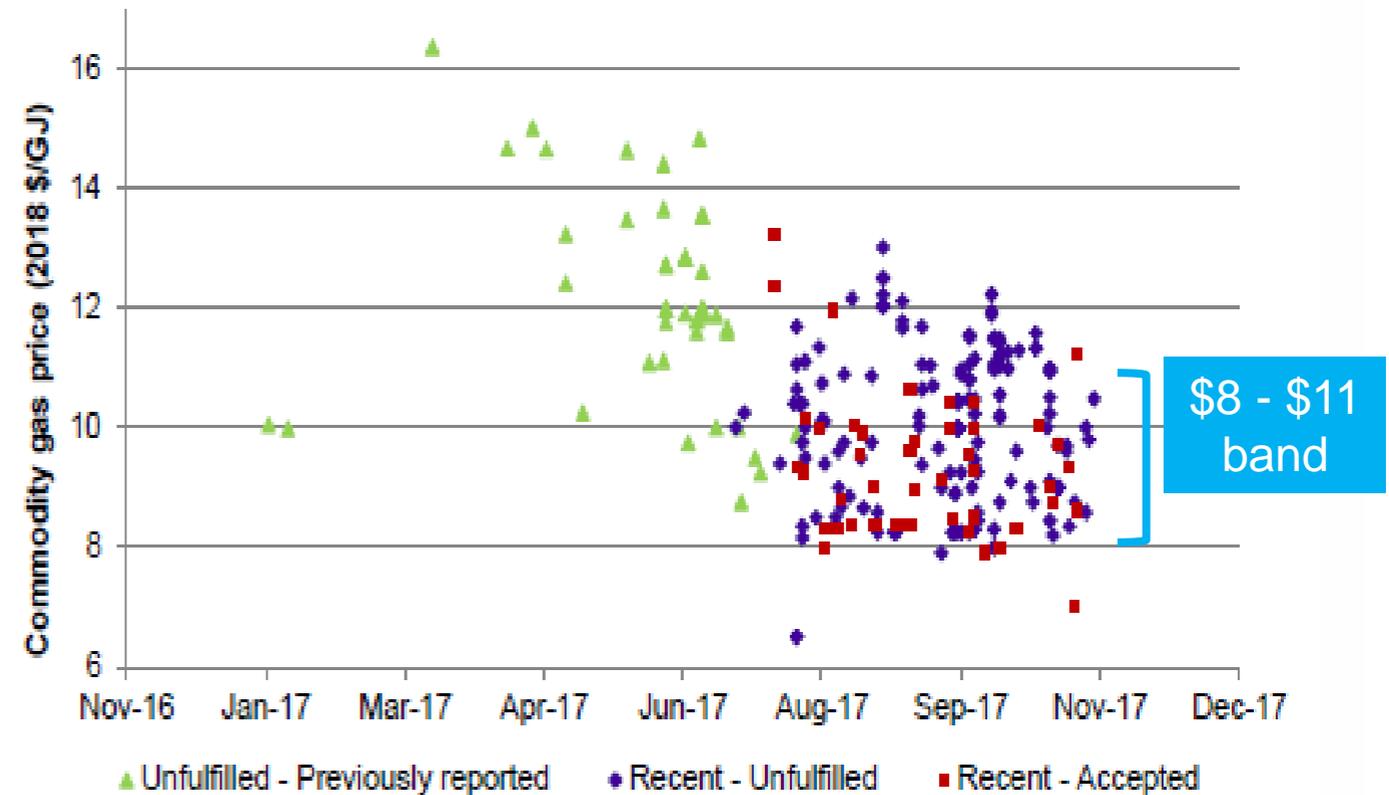


Source: ACCC Gas Inquiry 2017 – 2020 Interim Report December 2017



ACCC analysis of gas prices offered & accepted

Unfilled offers between 1 January 2017 and 14 July 2017 and all subsequent offers up to 9 November 2017 across the east coast gas market



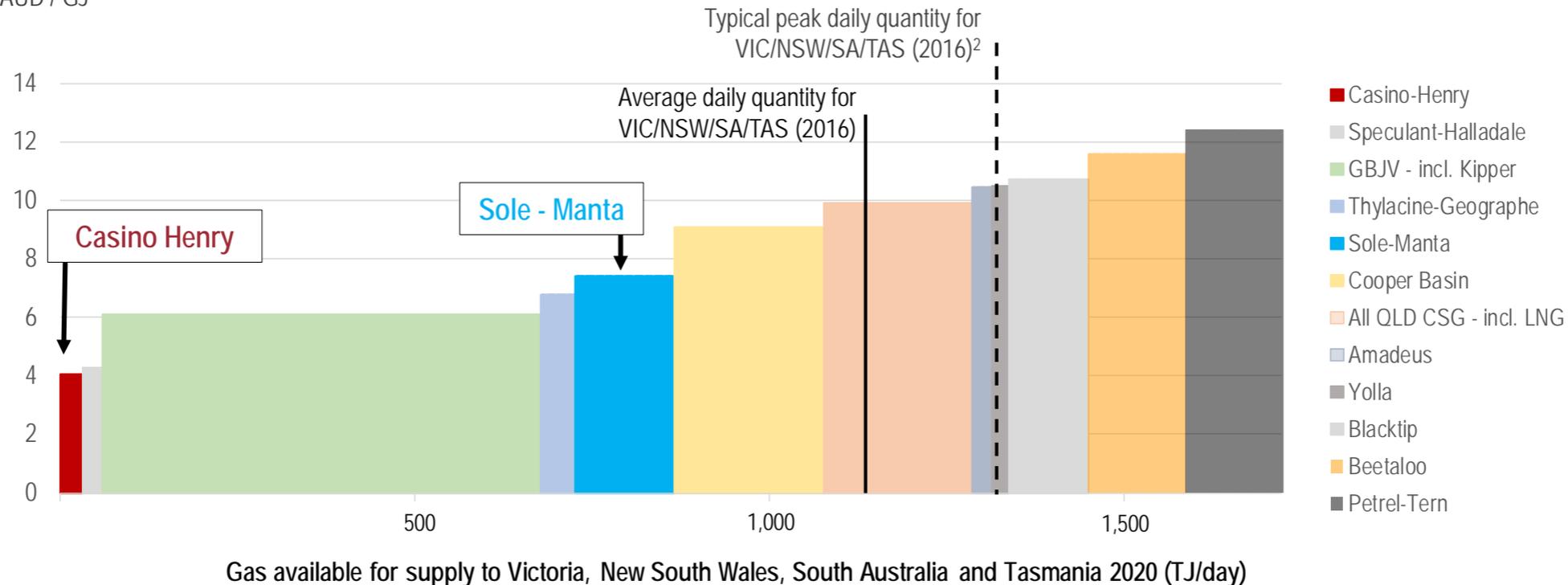
Source: ACCC Gas Inquiry 2017 – 2020 Interim Report December 2017

Note: Offers up to 14 July are for annual quantities of at least 1 PJ; offers after this are for annual quantities of at least 0.5 PJ.

South-east Australia¹ gas supply costs in 2020*

Victoria producers the lowest cost supply option for Victoria

Delivered Melbourne city gate cost for gas from eastern Australia available for delivery to domestic market in 2020*
AUD / GJ



* Note: all estimates are as calculated by EnergyQuest and based on known capital expenditure to date, which may exceed cost to the current project owner(s).

Source: EnergyQuest

- Delivered Melbourne city gate gas cost in 2017 AUD based on economic upstream cost (including acceptable return) and pipeline charge
- Average daily volume determined by upstream reservoir & facilities capacity and taking account of pipeline capacities, from known gas reserves and resources with access to infrastructure and anticipated to be available in 2020/21
- Excludes gas that may be available from storage

Notes on calculation of Reserves and Resources

Notes on Calculation of Reserves and Contingent Resources

Cooper Energy has completed its own estimation of reserves and resources in accordance with the definitions and guidelines in the Society of Petroleum Engineers (SPE) 2007 Petroleum Resources Management System (PRMS). All reserves and contingent resources figures in this document are net to Cooper Energy.

Petroleum Reserves and Contingent Resources are prepared using deterministic and probabilistic methods based on information provided by the permit Operators Beach Energy Ltd, Senex Ltd, Santos Ltd, and BHP Billiton Petroleum (Victoria) P/L. Cooper Energy undertook the following analytical procedures to estimate the Reserves: independent interpretation of 3D seismic data; analysis of historical production data to assess accessed gas volumes and future production forecasts; review of the Operator's reservoir and production simulation models to define raw gas recovery consistent with existing processing facilities; and independent probabilistic Monte Carlo statistical calculations to establish the range of recoverable gas. The resources estimate methodologies incorporate a range of uncertainty relating to each of the key reservoir input parameters to predict the likely range of outcomes.

Project and field totals are aggregated by arithmetic summation by category. Aggregated 1P and 1C estimates may be conservative, and aggregated 3P and 3C estimates may be optimistic due to the effects of arithmetic summation. Totals may not exactly reflect arithmetic addition due to rounding.

The information contained in this report regarding the Cooper Energy reserves and contingent resources is based on, and fairly represents, information and supporting documentation reviewed by Mr Andrew Thomas who is a full-time employee of Cooper Energy Limited holding the position of General Manager Exploration & Subsurface, holds a Bachelor of Science (Hons), is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers, is qualified in accordance with ASX listing rule 5.41, and has consented to the inclusion of this information in the form and context in which it appears.

Reserves

Under the SPE PRMS, reserves are those petroleum volumes that are anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves at 25 August 2017 were announced to the ASX on 29 August 2017. The Otway Basin totals comprise the arithmetically aggregated project fields (Casino-Henry-Netherby and Minerva) and exclude reserves used for field fuel. The Cooper Basin totals comprise the arithmetically aggregated PEL 92 project fields and the arithmetic summation of the Worrior project reserves, and exclude reserves used for field fuel. The Gippsland Basin total comprise Sole field only and is net of fuel gas.

Contingent Resources

Under the SPE PRMS, contingent resources are those petroleum volumes that are estimated, as of a given date, to be potentially recoverable from known accumulations but for which the applied projects are not considered mature enough for commercial development due to one or more contingencies.

The Contingent Resources at 25 August 2017 assessment includes resources in the Gippsland, Otway and Cooper basins and were announced to the ASX on 29 August 2017. Cooper Energy is not aware of any new information or data that materially affects the information provided in those releases, and all material assumptions and technical parameters underpinning the estimates provided in the releases continue to apply.