

Energy

for south-east Australia

Presentation to
Australian Domestic
Gas Outlook
Conference
6 March 2019

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Sole-3 flow-back 5 July 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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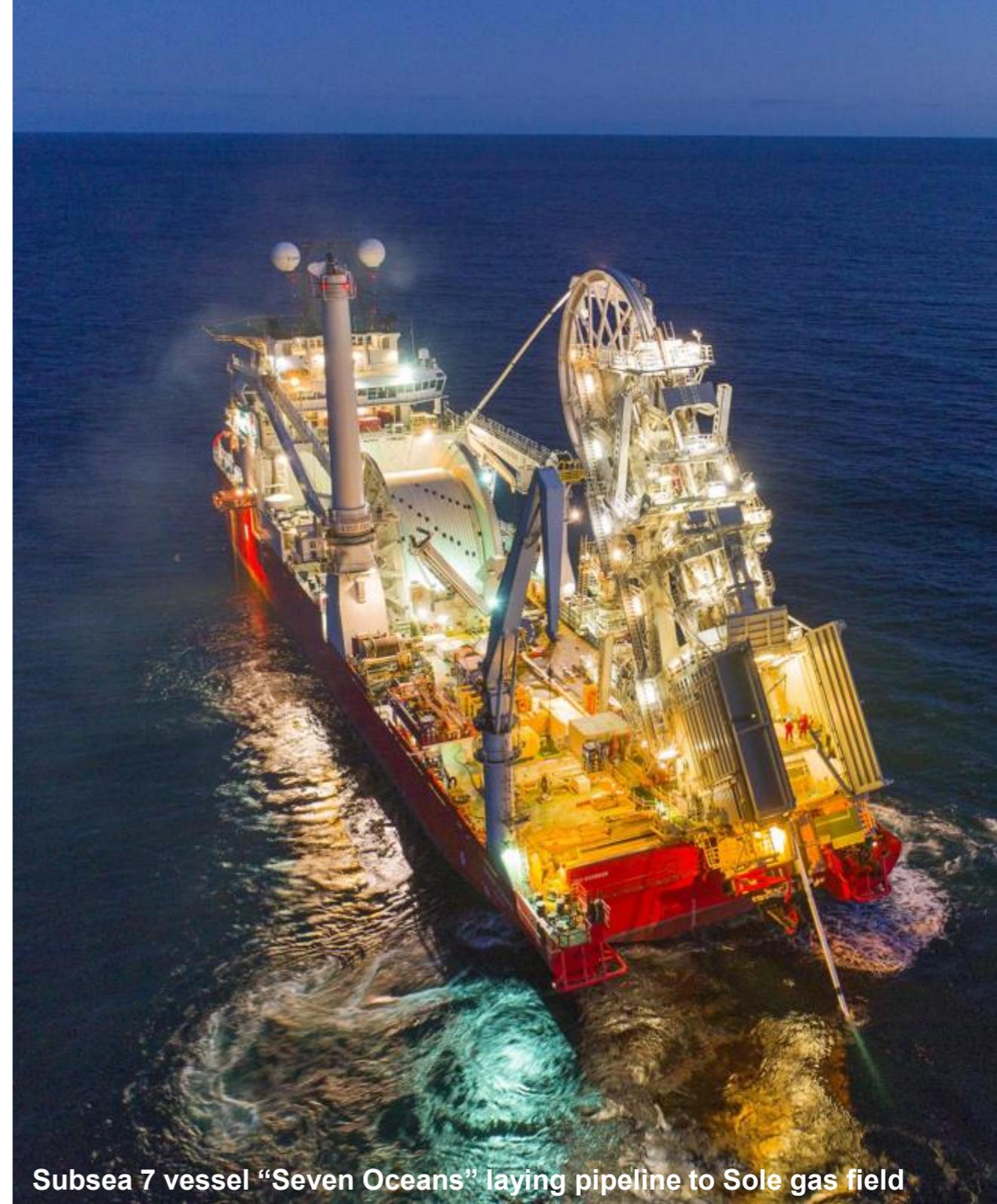
Rounding: All numbers in this presentation have been rounded. As a result, some total figures may differ insignificantly from totals obtained from arithmetic addition of the rounded numbers presented.

Currency: All financial information is expressed in Australian dollars unless otherwise specified.

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

In the next 3 months, Cooper Energy plans to complete south-east Australia's first offshore gas development in 6 years at the Sole gas field.

Contracts for early gas supply are currently being negotiated.



Subsea 7 vessel "Seven Oceans" laying pipeline to Sole gas field

Sole: a new gas supply coming onstream in July

\$605 million project to bring a new source of gas supply to south-east Australia

Sole gas field



- \$355 million offshore development
- 249¹ PJ of 2P reserves

Orbost Gas Plant



- \$250 million upgrade to Orbost Gas Plant by APA
- Returns former Patricia Baleen Gas Plant to operation from care & maintenance
- Capability to process gas from other fields & future offshore developments

Sole gas production: contracted and uncontracted

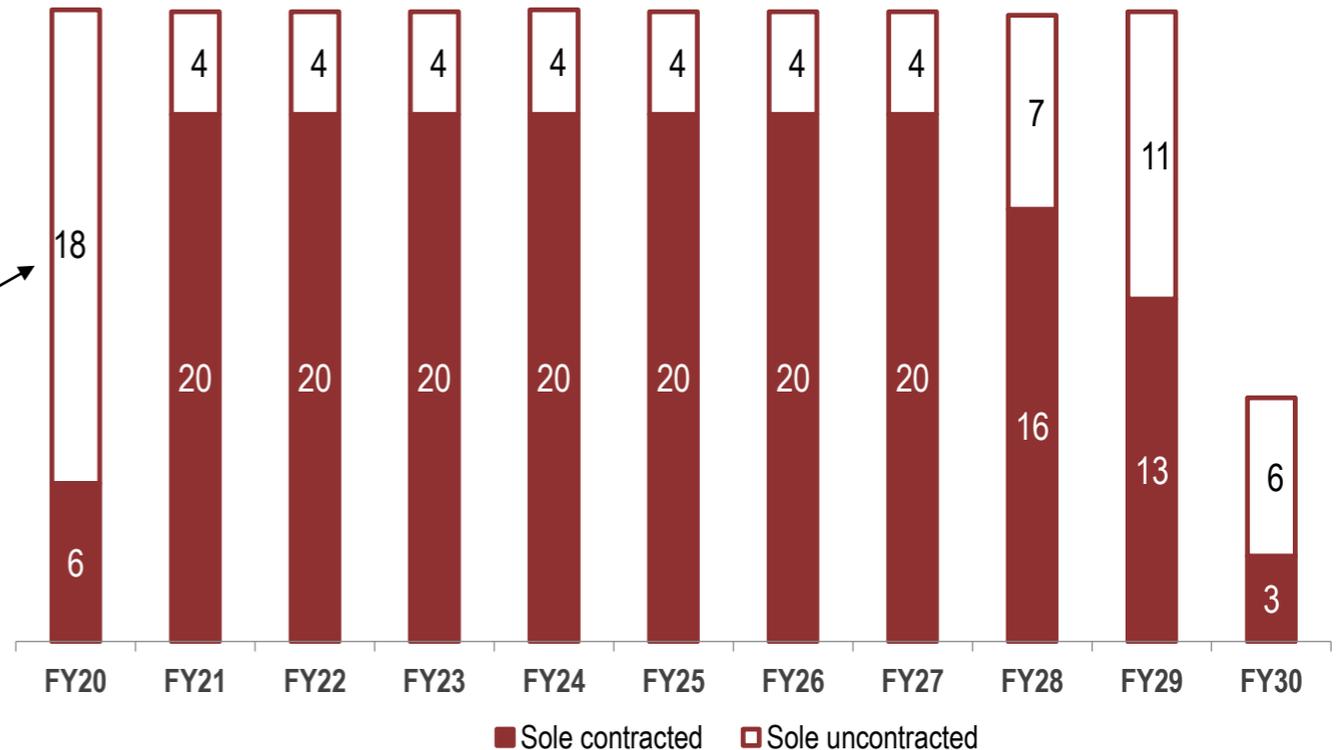
Project financing relied on long term commitments by customers for 75% of reserves
 at 2016 prices



Sole gas production
 contracted & uncontracted
 PJ pa



The majority of first year production is uncontracted
 but under negotiation



Assumes:

- Sole sales from July 2019 which is subject to completion and Orbost Gas Plant availability. Sole daily production rate assumed is 68 TJ/day.

The 'story of Sole' is instructive to the structure of the south-east Australia gas supply outlook.

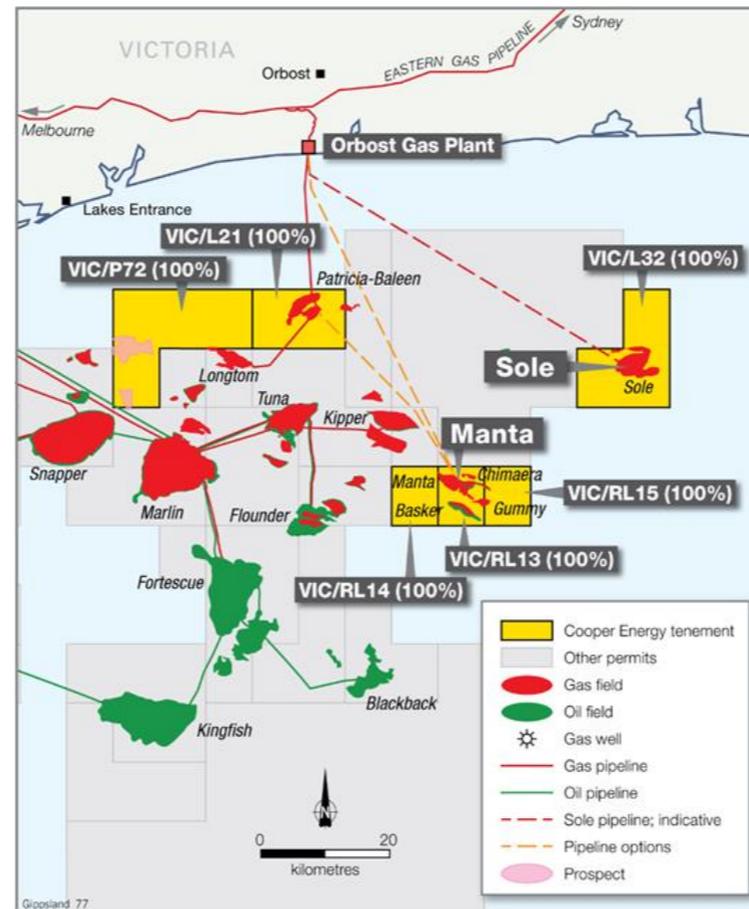


Sole-4 well-head deployment

Sole: discovered in 1973, commencing production 46 years later

Sole history is illustrative of the change in the south-east Australian gas market

1973	Sole-1 discovery by Shell
2002	Sole-2 (OMV) flows 20.6 MMcf/d
2015	First gas contract with O-I



Sole won financing support and new contracts in 2016 as a competitive new source of gas for south-east Australia.

Prior to 2016 Sole was uneconomic/uncompetitive.

Cooper Energy's commitment to east coast gas

Gas opportunity identified and strategy committed 7 years ago

Cooper Energy 2012
Opportunity outlined and strategy presented

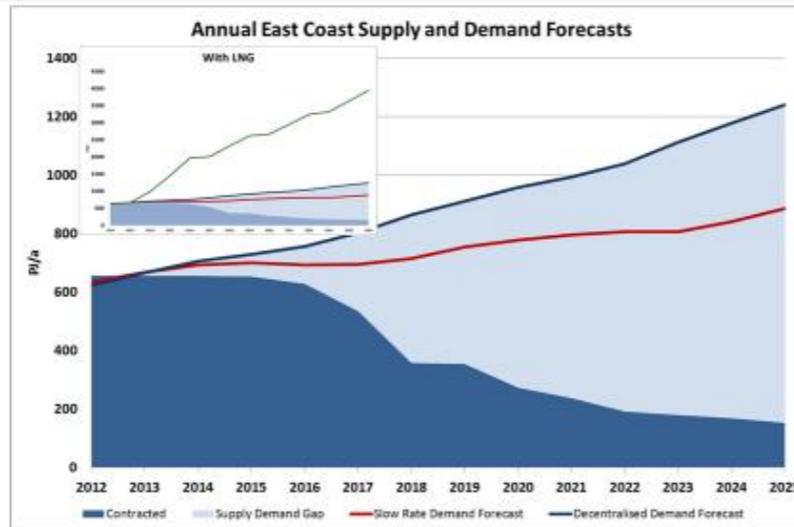
Presentation to Good Oil
Conference Sept 2012



In 2012 oil producer Cooper Energy saw gas supply opportunities in south-east Australia from 2018.

The company committed to reinventing itself and creating a gas business for this opportunity.

- Multiple contract opportunities
- Increasing prices
- Resource supply opportunities
 - Cooper, Otway and Gippsland
 - conventional and unconventional
- Committed LNG projects
 - very significant impact
- Gas commercialisation key
 - a Cooper Energy strength



Sources : Contracted Supply – Wood Mackenzie GEM May 2012
Demand – AEMO 2011 Gas Statement Of Opportunities

New supply needed



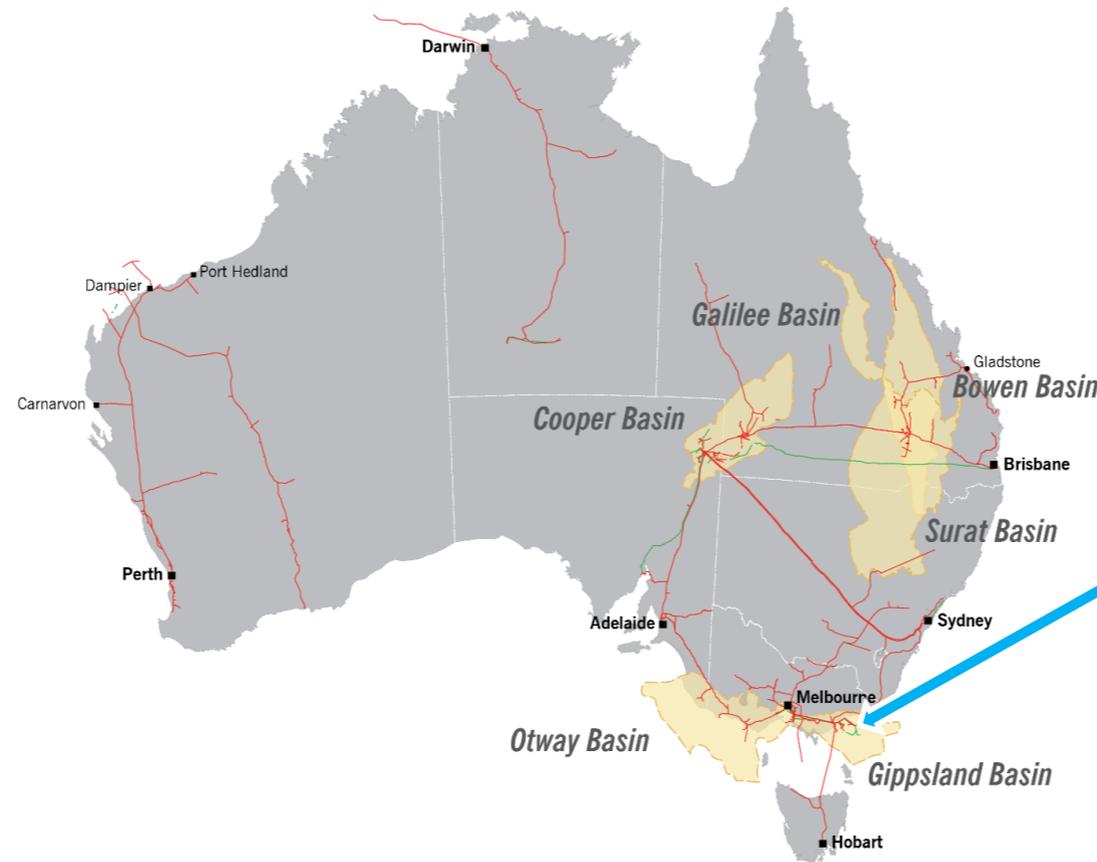
INVESTOR PRESENTATION
12 September 2012

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

Strategy formulation began with basin by basin analysis of business fundamentals

Cooper Energy investment criteria:

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



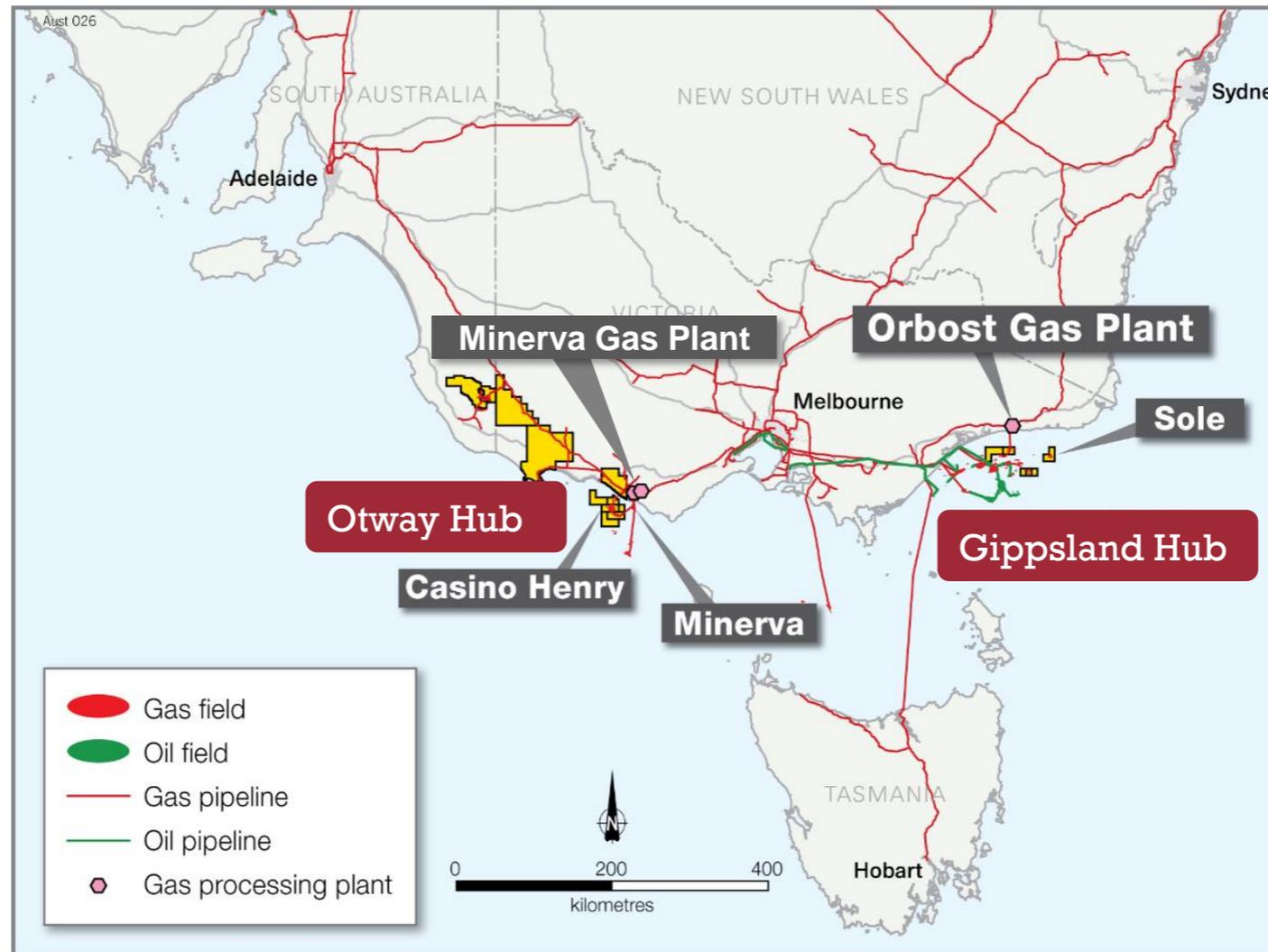
Analysis indicated the Otway and Gippsland Basins are the superior sources of supply for south-east Australia

Otway and Gippsland Basins

- ✓ Conventional gas
- ✓ Existing infrastructure
- ✓ Close to market
- ✓ Competitive on delivered cost

7 years on: a portfolio style gas business focussed on south-east Australia

Twin-hub strategy – optimising supply source to a bundle of contracts



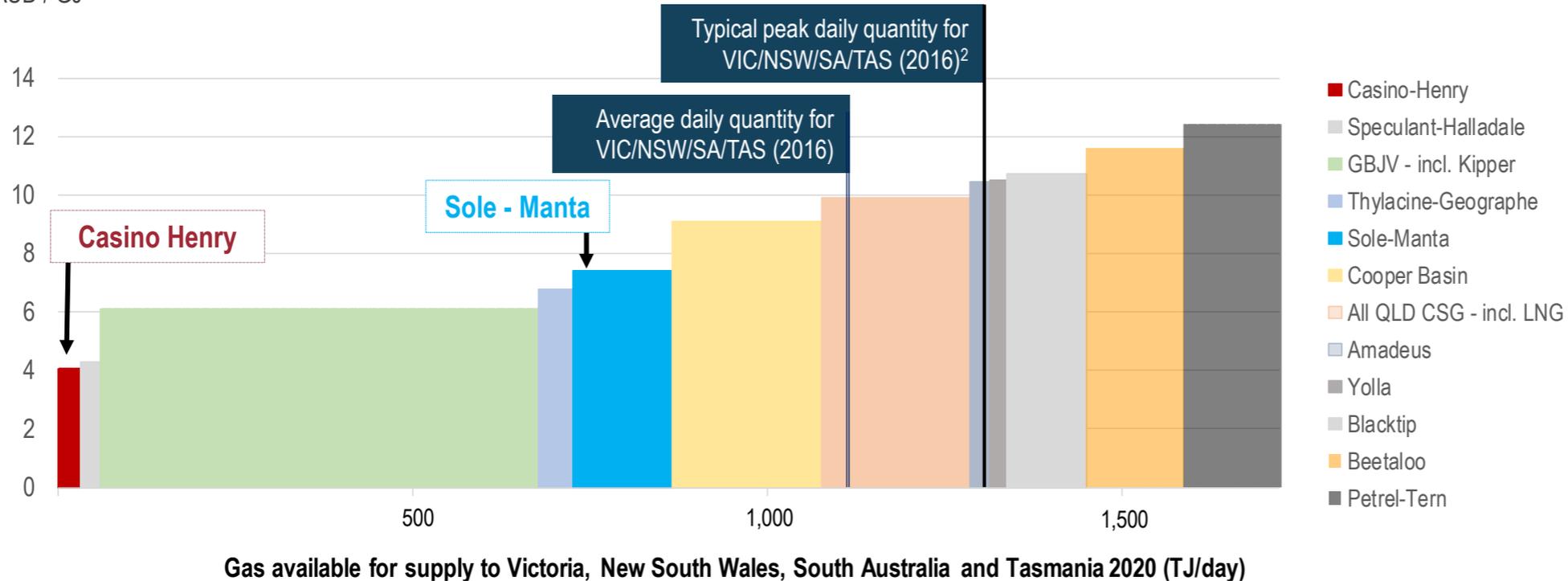
- Mixture of utility and industrial customers
- Low operating cost production utilising remotely operated subsea tieback
- Concentration around processing hubs at Orbost and Minerva Gas Plants
- Capacity to expand throughput

South-east Australia¹ gas supply costs in 2020*

In the absence of new discoveries & development, prices > \$9/GJ required for sufficient supply

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



¹ South-east Australia comprises New South Wales, Victoria, South Australia and Tasmania

² Cooper Energy estimate. Represents 75% percentile of 2016 daily gas flows

Lessons from Sole

1. Price: attracted new investment & supply ... and new supply increases price competition

- Without higher prices, Sole would still be undeveloped.
- Without local new discoveries and development, the cost of gas for south-east Australia will be higher
- Using existing infrastructure reduces development costs and time.

2. Time: be prepared for the long game

- Gas development is long term.
- Sole was a defined resource with a development plan in place. Four years from acquisition to first gas.

3. Collaboration: commitment and gain

Long term contract commitments from customers made Sole development possible. They will benefit from:

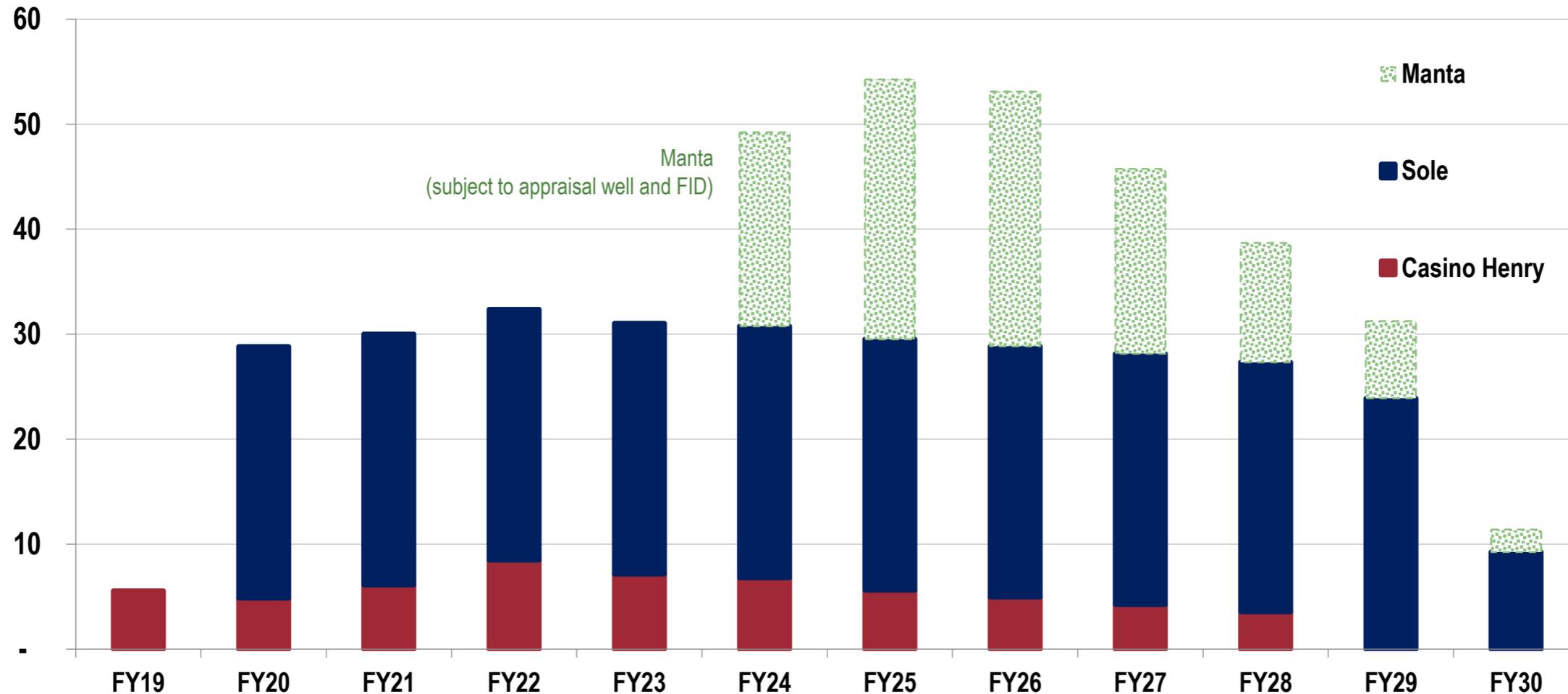
- gas prices below 2019 market prices; and
- entry of a new gas supplier to the south-east Australian market.



1.5 km pipeline stalks ready for spooling onto pipelay vessel

Cooper Energy gas supply profile

2P reserves and 2C (Manta) offers gas production exceeding 50 PJ pa before exploration success



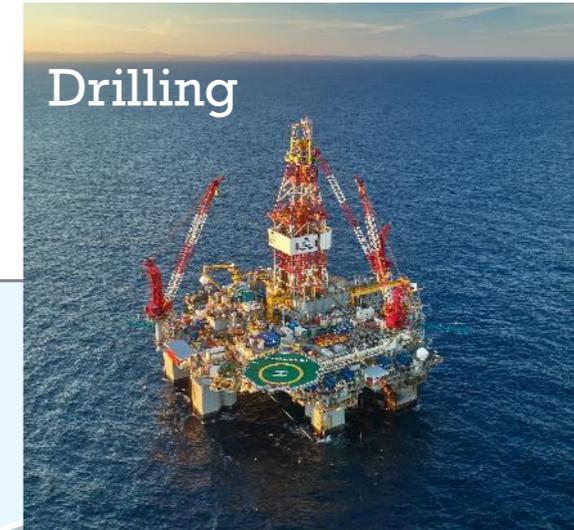
Assumes:

- Sole sales from July 2019 which is subject to completion and Orbest Gas Plant availability. Sole daily production rate assumed is 68 TJ/day.
- Manta subject to Manta-3 appraisal well expected to drill Dec '20-Feb 21; Manta profile illustrates all Manta gas (106 PJ 2C) as uncontracted (including 4 PJ pa option held by AGL)
- Henry development well required for Casino Henry, expect to drill Dec '20 – Feb 21
- No exploration success

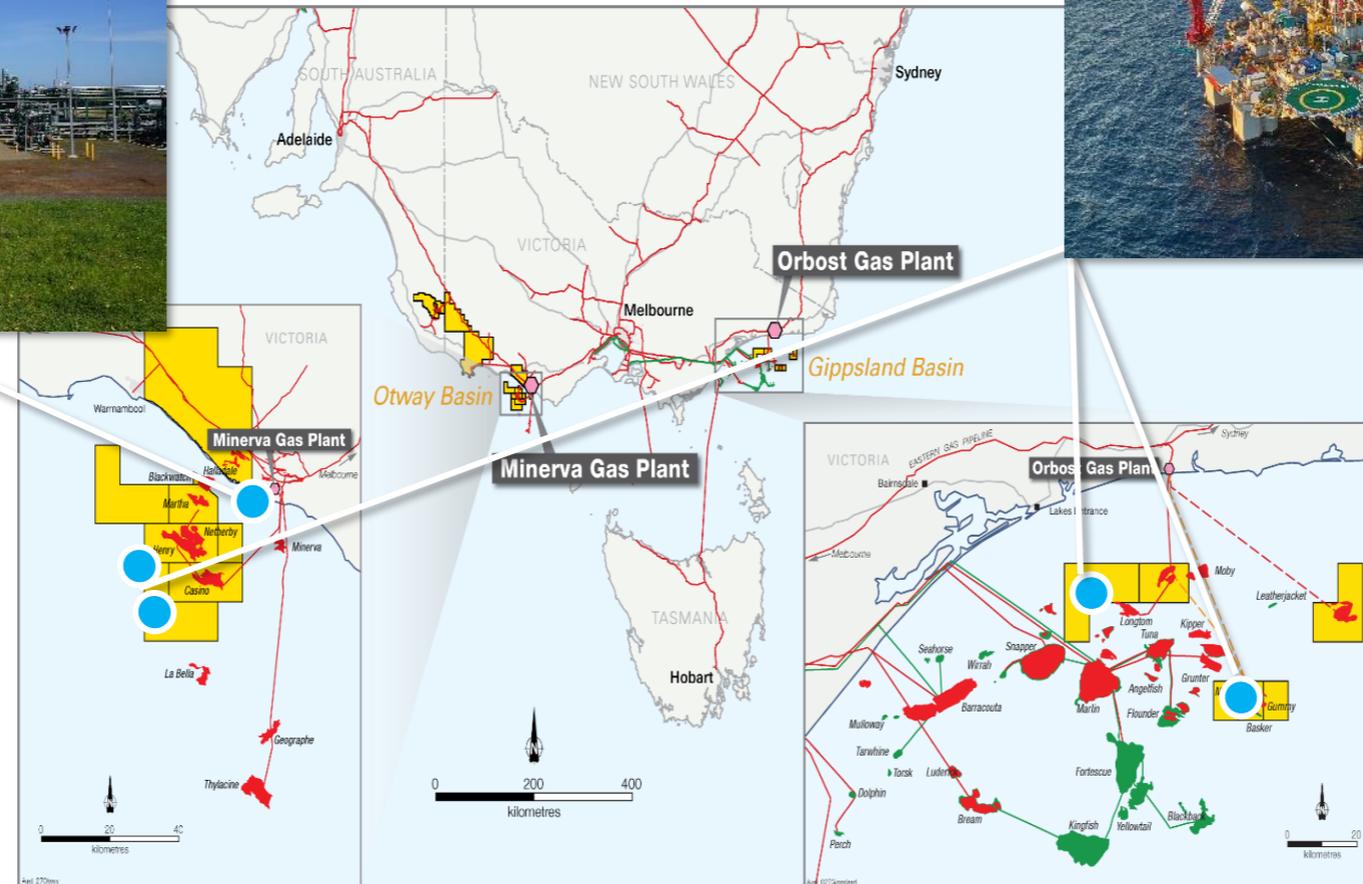
Note: all numbers rounded

Drilling and development plans

Gas exploration and development planned to bring more gas to market



- Acquisition agreed and expected to complete 2019
- Connect to Casino Henry; cost savings & productivity gains
- Low cost processing option for new gas discoveries



- **FY19: 2 exploration wells** in Offshore Otway
- **FY20: Dombey-1** onshore Otway
- **FY21: 2 to 5 wells**
 - Henry, Manta, follow up to FY19 Otway drilling, VIC/P72 exploration
- **Other companies:** Beach Energy, Esso

Wrap-up

1. Focussing on fundamentals got Sole developed and a gas business for Cooper Energy...

.....a 7 year effort started with identifying a market need and fundamentals analysis enabled Cooper Energy to establish a gas business from scratch and be poised to increase gas production in July to nearly 5 times current levels.

2. South-east Australia is the most competitive source of gas for south-east Australia ...which is why Cooper Energy has worked to create hubs in the Gippsland and Otway basins.

3. The supply side response to higher prices is underway...

... Cooper Energy and other players are increasing investment in exploration and development of new gas supply. We are expecting new gas fields to be discovered and existing undeveloped resources to be brought to market.

4. And more is needed: an energy policy, and understanding the supply fundamentals...

Threats of price controls don't fix the fundamental cause of high prices and deter investment in new supply.

A shared commitment to gas security from public and private sector to discuss *and act on* the question "how can we increase gas exploration and development in south-east Australia?"



Skandi Acergy laying control umbilical offshore Orbest Gas Plant

Appendices

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.