Quarterly Report December 2014

20 January 2015

Highlights

- **Second quarter production:** 119 kbbl in the 3 months to 31 December, consistent with FY15 guidance and plan; 7% lower than previous quarter of 128 kbbl
- **Revenue of $8.8 million:** down from $14.2 million in previous quarter principally due to 32% reduction in average oil price
- **Low cost production:** average total operating costs (incl. transport costs and royalties) of A$33.99/bbl vs average price of A$78.50/bbl
- **Indonesia production at record levels:** quarterly oil production up 14%
- **Gippsland gas project acquisition:** conditional agreement with Santos to acquire 50% interest in Sole gas field and Orbost gas plant
- **Strong financial position:** cash of $37.5 million at 31 December 2014 plus financial assets of $15.8 million

Managing Director's Comments

"The features of our December quarter include the significant advances in our gas strategy, the performance of our Indonesian assets, the low cost of our oil production and the impact of the period's lower oil prices.

"Inclusive of royalties and transport, we are producing oil for a total operating cost of approximately A$34 a barrel - which is well below the average price received of A$78 a barrel. We are optimising costs and capital expenditure for the lower oil price environment and expect to provide an update on revised capital expenditure and drilling activity in our forthcoming half year reporting.

"Securing agreement to acquire a 50% interest in the Sole field and Orbost gas plant is a major step forward in our gas strategy which also holds potential significant benefits for the commercialisation of our adjacent BMG gas resource in the offshore Gippsland Basin. We are working to complete this purchase agreement in the March quarter.

"Our work in Indonesia continues to yield gains, with the most recent being record quarterly production. Further production growth in Indonesia is being targeted over the balance of the 2015 financial year from the drilling program currently underway.

Further comment and information:

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Managing Director	**Investor Relations**

Financial

June quarter

Sales revenue for the 3 months to 31 December 2014 was $8.8 million compared with $14.2 million in the previous quarter and $18.6 million in the December quarter 2013.

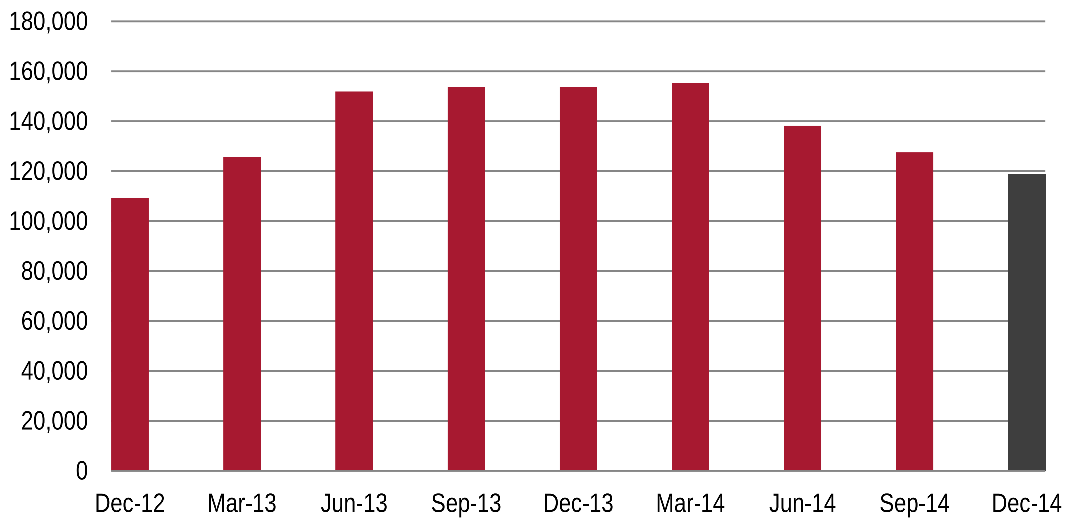
The movement in revenue compared with the previous quarter was principally the result of lower prices. The average oil price for the quarter of A$78.50/bbl was 32% lower than the A$114.71/bbl in the September quarter. A total of 112.1 kbbl of oil was delivered for sale, compared with 123.8 kbbl in the September quarter.

Capital expenditure was $4.4 million, down from $6.4 million in the previous quarter with the movement being due to lower drilling activity.

Cash at 30 September was $37.5 million, after payment of tax on FY14 profit of $5.1 million and a reduction in other payables during the quarter. The cash balance compares to an opening balance of $47.0 million and is 9% lower than the previous corresponding figure of $41.1 million. The value of investments available for sale was affected by the decline in ASX prices for securities held, and the closing value of $15.8 million compared with an opening value of $23.9 million. The company retains a strong liquid position with cash and financial assets at 31 December totaling $53.3 million.

Production for the quarter was 118.8 kbbl, 9% lower than the previous quarter due to lower output from Cooper Basin operations, offset in part by increased output from Indonesia. FY15 year to date production of 246.4 kbbl is consistent with plans for FY15 full year production of 500,000 – 560,000 barrels of oil given the development activity scheduled for the Cooper Basin and Indonesian operations in the January to June period.

Quarterly Production
bbls



Quarterly and Year to Date Summary

Description	Units	Quarter Ending 31-Dec 2014 [1]	30-Sep 2014 [2]	Change	Year to Date 31-Dec 2014 [1]	31-Dec 2013	Change
Production and Sales							
Group oil produced	kbbl	**118.8**	127.6	-7%	**246.4**	301.1	-18%
Group oil sold / delivered for sale	kbbl	**112.1**	123.8	-9%	**235.9**	295.2	-20%
Group sales revenue	$ million	**8.8**	14.2	-38%	**23.0**	37.0	-38%
Average oil price	A$/bbl	**78.50**	114.71	-32%	**97.50**	122.80	-21%
Capital Expenditure							
Exploration and Appraisal	$ million	**2.5**	4.0	-38%	**6.5**	28.6	-77%
Development and Fixed Assets	$ million	**1.9**	2.4	-21%	**4.3**	3.0	43%
Total Capital Expenditure		**4.4**	6.4	-31%	**10.8**	31.6	-66%
Financial Assets							
Cash and term deposits	$ million	**37.5**	47.0	-20%	**37.5**	41.1	-9%
Available for sale financial assets[3]	$ million	**15.8**	23.9	-34%	**15.8**	25.2	-37%
Total Financial Assets		**53.3**	70.9	- 25%	**53.3**	66.3	-20%
Capital							
Issued shares	million	**329.2**	329.2	0%	**329.9**	329.2	0%
Performance Rights	million	**19.5**	14.7	33%	**19.5**	14.7	33%

Notes:

(1) Current quarter includes preliminary production figures for PEL 92 in the Cooper Basin

(2) Prior periods have been updated for final reconciled production figures

(3) Available for sale financial assets shown at fair value at the reporting date shown

Production, Exploration & Development

Australia

Production – Cooper Basin

The Company's share of oil production from its Cooper Basin tenements for the December quarter was 102 kbbl (average 1,108 bopd) compared to 113 kbbl (average 1,228 bopd) in the preceding quarter and 138 kbbl in the previous corresponding period.

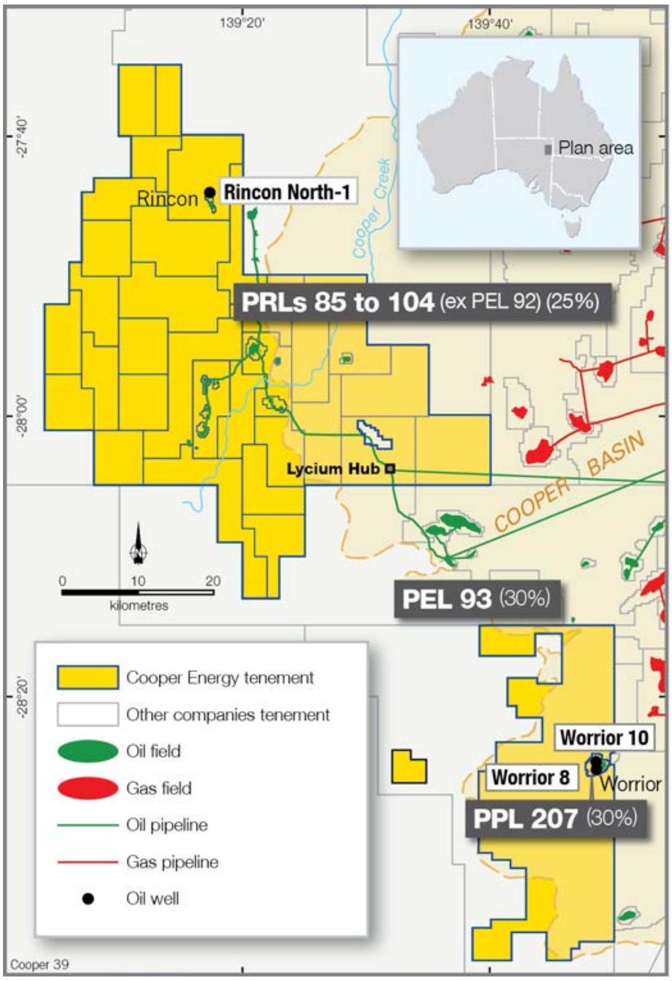
Exploration and Development – Cooper Basin

The PEL 92 Joint Venture (Cooper Energy 25%) reprocessing of the Neritus, Modiolus and Calpurnus 3D seismic surveys is complete. The merging and reprocessing of over 590 km^2 of PEL 92 data from these surveys has improved seismic data quality available to the joint venture. Interpretation to define exploration and development targets scheduled for drilling later in FY15 has begun.

A work program is ongoing to address facilities constraints at Rincon, which commenced oil production in July, and to connect Rincon North-1.

An extended production test of the Patchawarra Formation in Worrior-10 commenced in September in PPL 207, (Cooper Energy 30%). Analysis of the production test data, together with interpretation of the reprocessed Worrior Field 3D seismic data, will be used by the joint venture to assess the potential for further appraisal drilling.

An extended production test of the Patchawarra Formation in Worrior-8 began in late December. As at 9 January, the test had cumulative production of approximately 3,600 bbl of oil with daily production rates above 300 bopd. Analysis of the pressure and flow rate data from the test will be undertaken to determine the most effective way to maximise oil recovery and, potentially, make use of associated gas.

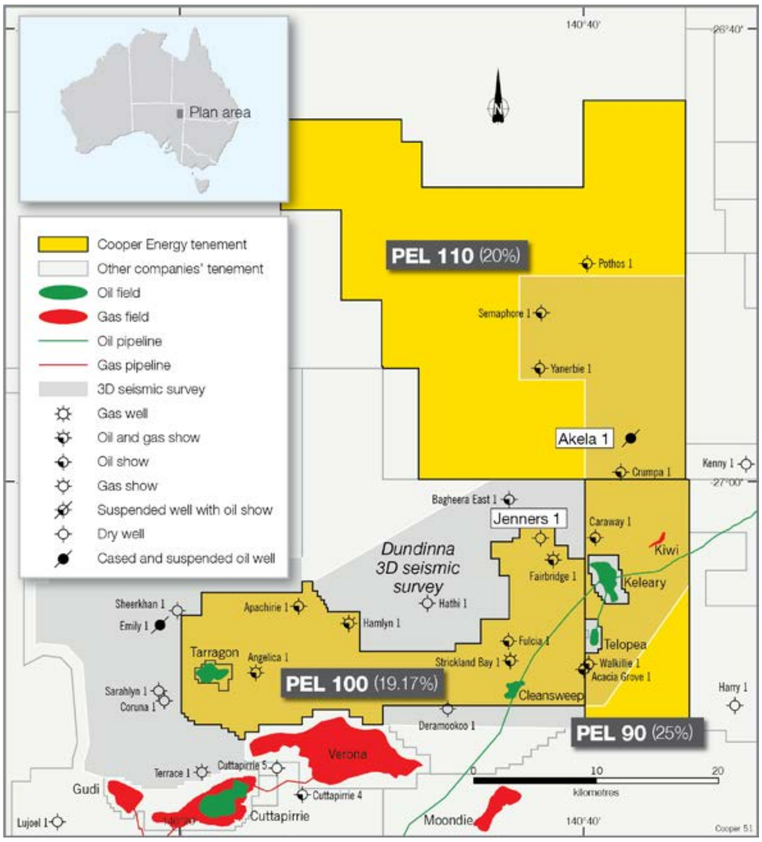


In the northern Cooper Basin permits PEL 100 (Cooper Energy 19.165%) and PEL 110 (Cooper Energy 20%), two exploration wells were drilled on targets identified by the Dundinna 3D seismic survey.

Akela-1 was drilled in PEL 110 and reached a total depth of 2,676 metres in Pre-Permian Basement. Trace to poor oil shows were observed throughout the well with the best oil shows recorded in the Birkhead Formation. A basal Birkhead Formation sandstone was identified as a potential hydrocarbon-bearing zone; however, several attempts to sample reservoir fluids from this formation were unsuccessful due to poor borehole conditions. The well was cased and suspended for potential future evaluation of the Birkhead Formation.

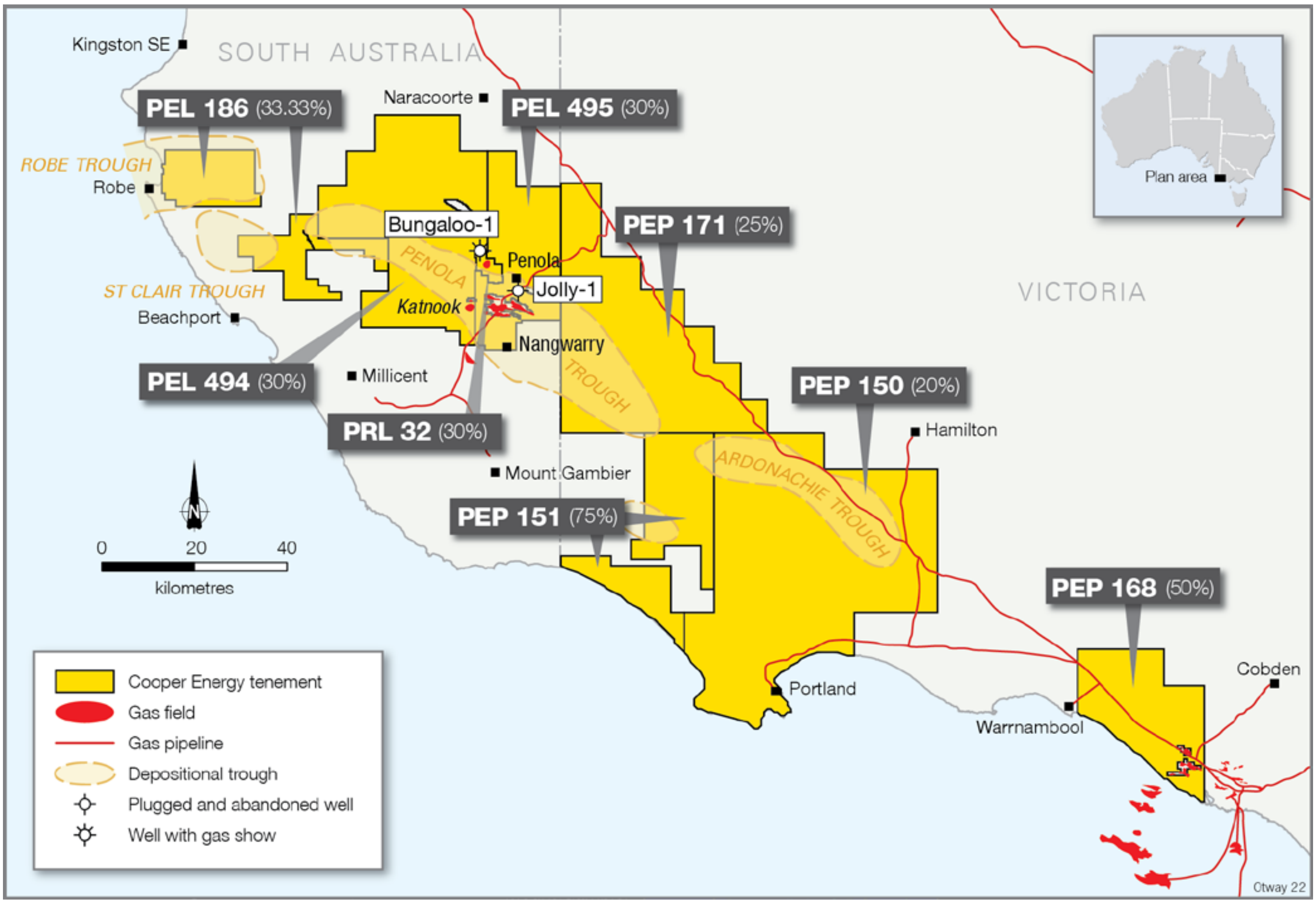
Jenners-1, drilled in PEL 100, was plugged and abandoned after reaching a total depth of 2,525 metres in Pre-Permian Basement and encountering poor oil shows.

No further drilling is planned for the northern permits PEL's 90, 100 and 110 in FY15, with additional review and analysis to be undertaken during the second half.



Otway Basin

Analyses of the data and cores obtained from Jolly-1 (PEL 495) and Bungaloo-1 (PRL 32), in the Penola Trough, onshore Otway Basin, South Australia (Cooper Energy 30%) were concluded during the December quarter. The results to date have identified a number of opportunities for future evaluation of the prospectivity of the deeper Penola Trough.



Reprocessing of the Haselgrove 3D seismic survey and 212 line kilometres of 2D seismic data in PEL 495 was completed during the quarter and seismic interpretation of this data commenced.

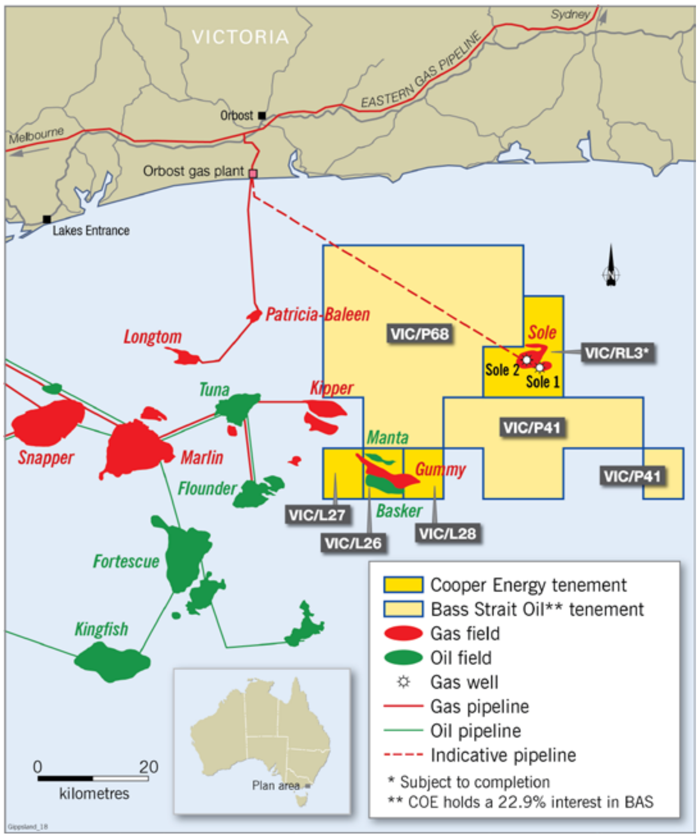
Information from this analysis will be considered by the PEL 495 and PEL 494 joint venture parties in deliberations on a future work program before renewing the permits in March 2015.

Gippsland Basin

Sole gas project and Orbost gas plant

On 15 December 2014 the company announced agreement with Santos Limited to acquire a 50% interest in the VIC/RL3 permit and the Orbost gas plant. Completion of the transaction is subject to regulatory approval and the completion and approval of pre-FEED (Front End Engineering and Design).

VIC/RL3 contains the Sole gas field, an undeveloped gas resource which is currently subject to pre-FEED and expected to enter FEED for development to supply gas to eastern Australia from late 2018/early 2019. It is expected that pre-FEED will be completed by April 2015.



The Sole gas field is located in the offshore Gippsland Basin, approximately 65km from the Orbost gas plant which is connected to the Victorian and New South Wales gas markets via the Eastern Gas pipeline.

Cooper Energy will acquire a 50% interest in VIC/RL3 and the gas plant through an initial cash payment of $2.5 million then funding 100 per cent of the initial $50 million project costs. The acquisition cost to Cooper Energy is thus effectively $27.5 million. FEED is expected to require gross expenditure of $25 million to $29 million.

The FEED phase is anticipated to be completed in the first half of calendar 2016. Gas market offtake contracts and finance for project construction will be developed in parallel with the FEED in readiness for a likely Final Investment Decision (FID) in the third quarter of the 2016 calendar year.

Cooper Energy expects the transaction will result in the addition of approximately 100 PJ of gas to its 2C Contingent Resources, based on information provided by Santos[1].

BMG Project

Work on the preparation of a business case for development of the BMG gas and liquids resource (VIC/L26-28) continued during the December quarter. The objective of the business case is to identify the optimum development plan and is on schedule to be completed in the June 2015 quarter. The business plan will now, subject to transaction completion, consider the impact of the company's acquisition of interests in the Sole gas field and Orbost gas plant, in particular the anticipated commencement of FEED for the development of the Sole gas field and the acquisition of a 50% interest in the gas plant. The latter item is expected to become a material element in the development analysis prepared for BMG.

The work undertaken to date has included geological studies to define the next phase of activity in the tenements and analysis of development options.

The reprocessed 3D seismic data at BMG was interpreted and depth conversion was completed. Seismic inversion processing was completed and the results integrated into the company's understanding of the reservoir and hydrocarbon distribution of the Manta field. The results of the subsurface studies will be key inputs to the business case, which may require appraisal drilling in FY16.

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[1] Cooper Energy expects to announce its assessment of Contingent Resources (in accordance with ASX Listing Rules) attributable to the Sole gas field after the transaction has been completed.

Indonesia

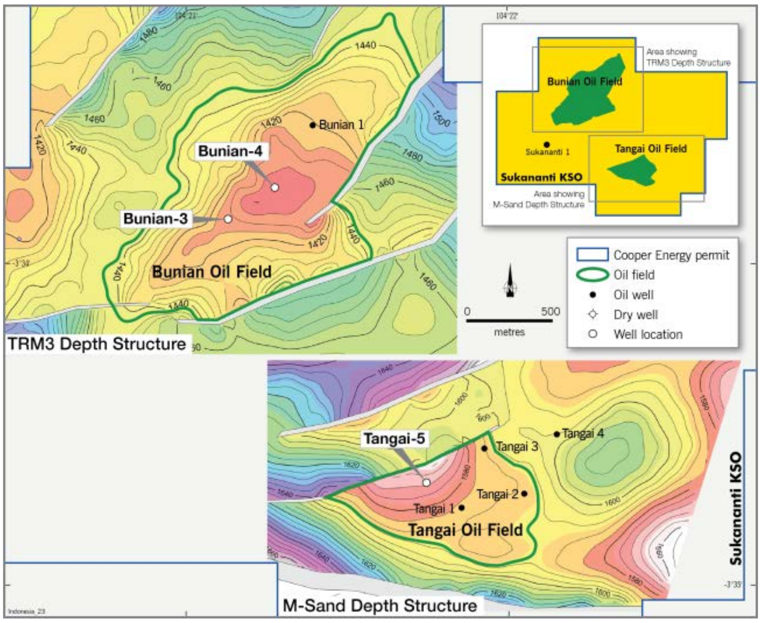
Production

Cooper Energy's share of production from the Sukananti KSO (Cooper Energy 55%) was 16.5 kbbl (180 bopd), 14% above the previous quarter's 14.4 kbbl (145 bopd). This is the highest quarterly production achieved in Cooper Energy's tenure and represents a six-fold increase on the production rate recorded prior to the licence being shut-in by the previous Operator.

Exploration and Development

A development drilling program in the Sukananti KSO commenced on 31 December with the spudding of Bunian-3. The well's primary target is the Talang Akar Formation TRM-3 sand, which is currently producing approximately 200 bopd and has cumulatively produced 960,000 bbl oil from Bunian-1. Bunian-3 is located approximately 730 metres south-west of Bunian-1.

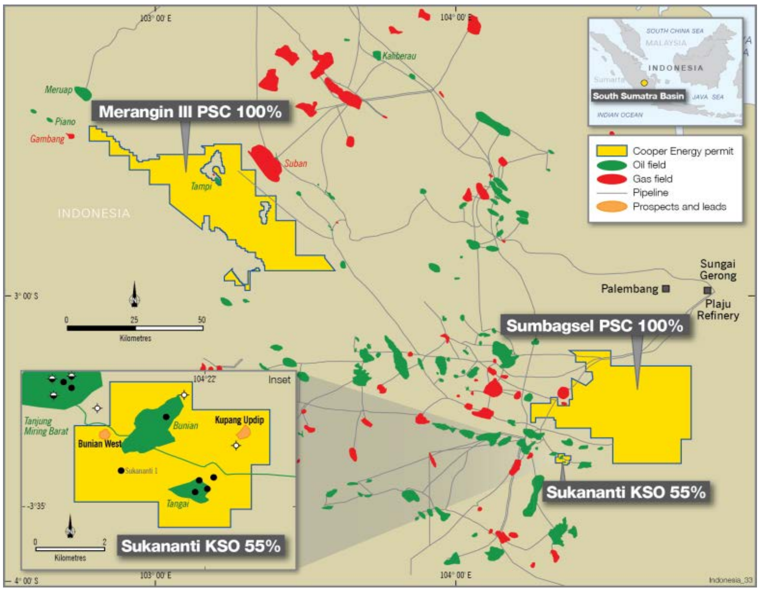
On completion of Bunian-3 the drilling rig will move to the Tangai-5 well site. Bunian-4 is a contingent well that may follow Tangai-5 dependent upon the results from Bunian-3.



Interpretation of the 257 km, 2D seismic survey acquired in the Sumbagsel PSC (Cooper Energy 100%) is complete. The survey delineated a number of leads and identified some new targets for future evaluation.

Interpretation of 1,490 km of reprocessed 2D seismic data from the Merangin III PSC (Cooper Energy 100%) is complete. This work will high-grade areas of the permit for future seismic acquisition.

A process to farm out equity in the Sumbagsel and Merangin III exploration permits continued during the December quarter with a number of interested parties reviewing the assets. Discussion with interested parties will continue into the current quarter.



Tunisia

Portfolio divestment

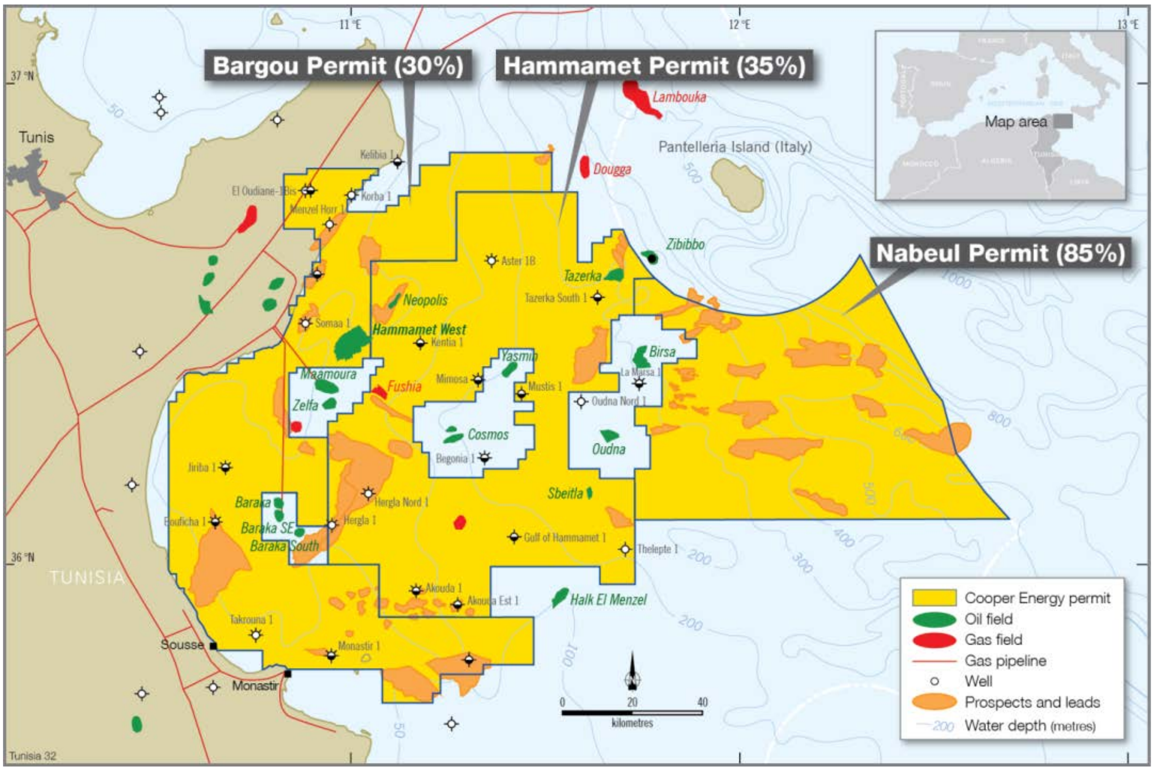
Discussions are ongoing with a number of parties on the divestment of the Tunisia portfolio. All permits in the Tunisia portfolio have attracted interest, with parties expressing interest in individual permits or combinations of the permits rather than a total portfolio sale.

While the progress of discussions has been affected by the recent downturn in oil prices and industry sentiment, Cooper Energy remains committed to, and confident of, completing an exit from Tunisia, albeit at a later date than targeted. The company is working to achieve this at the earliest date possible within FY15.

Exploration

Reprocessing of the Hammamet West 3D seismic survey (Bargou permit, Cooper Energy 30% and Operator) was completed during the quarter.

No drilling activity is anticipated in the Tunisian permits in the current financial year. Pending joint venture and government approval, a future appraisal well at Hammamet West in the Bargou permit and an exploration well at Fushia West-1 in the Hammamet permit, are not likely to start until FY16 or later. An application for time extension until January 2016 has been made in respect of the Nabeul permit and is awaiting ratification by the Tunisian government.



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Hydrocarbon Reporting Standard

Cooper Energy reports hydrocarbons in accordance with the SPE Petroleum Resources Management System 2007 (SPE-PRMS).

Rounding

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.

Terms and abbreviations

Cooper Energy uses terms and abbreviations common to the petroleum industry and the financial sector.

Terms used include:

- 2D, 3D: two dimensional, three dimensional (with respect to seismic surveys)
- bbl: barrels
- Bcf: Billion cubic feet (of gas)
- bopd: barrels of oil per day
- Financial year: 12 months ending 30 June
- FY14: financial year ending 30 June 2014
- FY15: financial year ending 30 June 2015
- JV: Joint Venture
- kbbl: thousand barrels
- KSO: Kerja Sama Operasi (joint venture, Indonesia)
- m: metres
- mMDRT: measured depth in metres below the rotary table or drilling floor
- MM: million
- MMboe: Million barrels of oil equivalent
- pcp: prior corresponding period
- PEL: Petroleum Exploration Licence
- PEP: Petroleum Exploration Permit
- PRL: Petroleum Retention Licence
- PPL: Petroleum Production Licence
- PSC: Production Sharing Contract
- scf: Standard cubic feet (of gas)
- SPE: Society of Petroleum Engineers