Quarterly Report December 2015

27 January 2016

Key features Q2 FY16

- **Production steady:** 123 kbbl in the 3 months to 31 December, vs previous quarter of 125 kbbl and up 2% on pcp of 118 kbbl
- **Revenue of $7.0 million:** down from $7.6 million in previous quarter due to lower average oil price. Average oil price of A$58.60/bbl vs $62.54/bbl in September quarter
- **Operating costs reduced further**: direct operating costs of A$29.68/bbl, reduced 10% on previous quarter
- **Strong hedge book**: hedging provides average floor price of A$68.50/bbl for approximately 50% FY16 second half production
- **Sole Gas Project on schedule and within budget:** FEED proceeding with costs at 81% of budget and on track for September quarter 2016 FID
- **Sole Contingent Resource upgrade:** 2C Contingent Resources upgraded 14%
- **Financial position:** cash and investments of $30.3 million at 31 December

Managing Director's comments

"The December quarter confirms the benefit of our focus on low cost production which can retain healthy margins notwithstanding the current low oil prices. We have a strong hedge book and have been successful with significant and ongoing reductions to capital and overhead expenditure. Our clear focus on containing costs whilst delivering key projects will be maintained.

"Cooper Energy is set for an intense six months as we progress the development of the first of our cost competitive Gippsland Basin Gas Projects – ideally located to supply eastern Australia gas customers.

"The Sole Gas Project can transform the company and is on schedule and below budget for FID in the September quarter of this year. Our decision to open a data room for the Gippsland Basin Gas Hub has generated interest from a range of domestic and international companies".

Further comment and information:	
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Managing Director	**Investor Relations**

Financial

Overview

The financial results and position at 31 December include higher year to date production and 36% lower sales revenue year to date due to lower oil prices.

The oil price impact is being managed through a combination of hedging, reduced operating costs per barrel, reduced capital expenditure and actions that have reduced the monthly Australian G & A cash expenditure run rate by approximately 10% compared with the commencement of the financial year.

December quarter

Sales revenue for the 3 months to 31 December 2015 (the December quarter) was $7.0 million compared with $7.6 million in the previous quarter and $8.8 million in the December quarter 2014.

The lower quarterly revenue is mainly due to lower prices, with the September quarter average oil price of A$58.60/bbl being 6% lower than the September quarter average of A$62.54/bbl and 25% lower than the average of A$78.36/bbl in the previous corresponding period (pcp). The December quarter revenue and average oil price are inclusive of hedging gains of $0.5 million.

Direct production costs, including transport and royalties, of A$29.68/bbl were 10% lower than the previous quarter's comparative of A$33.06/bbl and the pcp (A$33.07/bbl).

Sales volume and production for the December quarter was 2% lower than the previous quarter but higher than the pcp. Production for the quarter was 123.1 kbbl compared with 125.0 kbbls in the September quarter and 118.5 kbbl during the 2014 December quarter.

Year to date

Year to date results feature increased production and reduced operating costs (including royalties), offset by lower sales revenue due to lower oil prices.

Total sales revenue for the first two quarters of FY16 was $14.6 million compared with $23.0 million in the previous corresponding period (inclusive of hedging gains of $0.8 million). The average oil price received for the year to date of A$60.59/bbl was 38% lower than the previous year's comparative of A$97.58/bbl.

In comparison, year to date direct operating costs of A$31.37/bbl were 19% lower than the comparative of A$38.63/bbl. The reduction in operating costs is mainly due to lower royalties on Cooper Basin output and increased production in Indonesia.

Capital expenditure

Capital expenditure for the December quarter was $5.2 million, down from $10.1 million in the September quarter. The movement between periods is due to development expenditure in Indonesia during the September quarter.

Year to date capital expenditure of $15.3 million is 42% higher than the 2014 first half comparative of $10.8 million. The increase is attributable to expenditure developing the Sole Gas Project and drilling in the Sukananti KSO. An update on the lower capital expenditure outlook is provided under the heading 'Expenditure Resetting' following.

Cash

Cash at 31 December of $28.9 million compares to the quarter's opening balance of $36.1 million. Total cash and investments available for sale at 31 December was $30.3 million compared with $37.6 million at the beginning of the quarter.

Expenditure resetting

Rigorous review and management is yielding significant reductions to expenditure levels, while maintaining the resourcing necessary for delivery of the company's growth projects.

Actions taken during the December quarter reduced Australian general and administration cash costs by approximately 10% on an annualised basis. Further reductions will be targeted over the balance of the year without compromising the delivery of the transformational gas projects.

Capital expenditure for FY16 is now expected to range between $32 million to $34 million, which is between 13% and 18% lower than original guidance of $39 million. The large majority of FY16 capital expenditure relates to the Sole Gas Project in the Gippsland Basin. As reported under the heading 'Production, Exploration & Development', this project is progressing ahead of schedule and within budget.

Hedging

Cooper Energy uses hedging to protect against downside oil price scenarios while retaining partial exposure to higher oil prices. The company realised hedging gains of $0.5 million from its zero cost collar options during the quarter. Total year to date hedging gains are $0.8 million.

The company has extended the tenure and volume of its hedge book during the quarter. Hedging in place at 31 December is summarised in the following table.

The effect of the positions taken is that approximately 50% of the company's second half production is hedged at an average floor price of A$68.50/bbl.

The table below summarises the hedging in place as at 30 September 2015:

Hedge arrangements (bbl remaining):	**H2 FY16**	**H1 FY17**	**H2 FY17**	**Total**
A$80.00 – 90.57 zero cost collar options	60,000			60,000
A$57.00 – A$69.70 zero cost collar options	60,000	60,000	30,000	150,000
Total	**120,000**	**60,000**	**30,000**	**210,000**

Quarterly and Year to Date Summary

Description	Units	Quarter Ending 31 Dec 2015 [1]	Quarter Ending 30-Sep 2015 [2]	Change	Year to Date 31 Dec 2015 [1]	Year to Date 31 Dec 2014	Change
Production and Sales							
Oil produced	kbbl	123.1	125.0	-2%	248.0	246.0	1%
Oil sold / delivered for sale	kbbl	119.5	121.5	-2%	241.0	235.7	2%
Sales revenue[3]	$ million	7.0	7.6	-8%	14.6	23.0	-37%
Average oil price[3]	A$/bbl	58.60	62.54	-6%	60.59	97.58	-38%
Direct operating cost[4]	A$/bbl	29.68	33.06	-10%	31.37	38.63	- 19%
Capital Expenditure							
Exploration and Appraisal	$ million	5.2	6.4	-19%	11.6	6.5	78%
Development and Fixed Assets	$ million	-	3.7	-100%	3.7	4.3	-14%
Total Capital Expenditure		5.2	10.1	-49%	15.3	10.8	42%
Financial Assets							
Cash and term deposits	$ million	28.9	36.1	-20%	28.9	37.5	-23%
Investments[5]	$ million	1.4	1.5	-7%	1.4	15.8	-91%
Total Financial Assets		30.3	37.6	-19%	30.3	53.3	-43%
Capital							
Issued shares	million	333.7	332.1	1%	332.1	329.2	1%
Performance Rights	million	*20.5*	17.0	21%	17.0	19.5	5%
Share appreciation rights	million	22.3	-	100%	22.3	-	100%

Notes:

(1) Current quarter includes preliminary production figures for PEL 92 and PEL 93 in the Cooper Basin

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

(3) Includes realised hedge gains of $0.5 million for the December quarter and $0.8 million year to date and end of period oil price adjustments on oil delivered for sale but not invoiced

(4) Direct operating cost includes production, transport and royalties

(5) Investments shown at fair value at the reporting date shown

Production, Exploration & Development

Overview

The December quarter featured unchanged oil production from the Cooper Basin and a slightly lower contribution from Indonesia where the successful Bunian-4 well is to commence production operations in the March quarter.

The Gippsland Basin Gas Projects were the major focus with a review and upgrade to Contingent Resource estimates, progression of the Sole project FEED on schedule and within budget and the opening of a data room for the Gippsland Basin Gas Hub. There was no major drilling or field activities in the company's acreage during the quarter.

Australia

Production: Cooper Basin

The Company's share of oil production from its Cooper Basin tenements for the December quarter was 87 kbbl (average 948 bopd) unchanged from the preceding quarter and compared to 102 kbbl in the previous corresponding period.

Production from the PEL 92 Joint Venture (PRL's 85-104) accounted for 97% of this production. Cooper Energy's share of PEL 92 December quarter production was 84 kbbl (average 910 bopd), up 3% on 81 kbbl in the previous quarter and compared to 97 kbbl in the previous corresponding period.

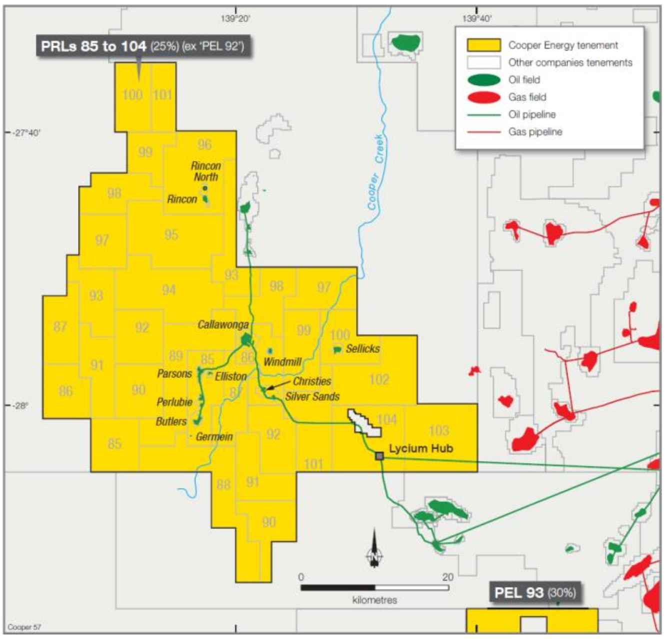
Output benefited from a full quarter of production from new connections at Callawonga-10 and Callawonga-11 and the incremental production from the installation of a pump at Callawonga-7 commissioned in October 2015.

Cooper Basin: Exploration and Development

No drilling was conducted in the company's Cooper Basin permits during the December quarter.

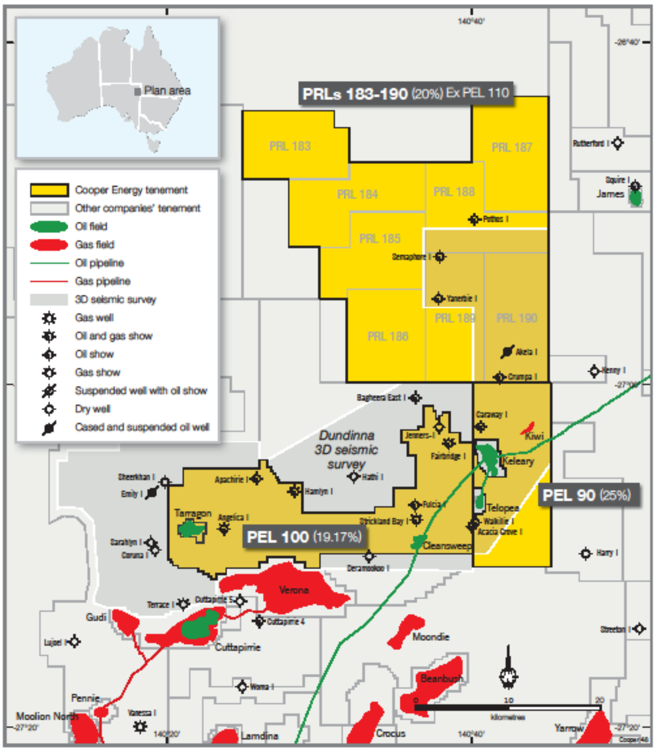
Interpretation of the reprocessed Neritus, Modiolus and Calpurnus 3D seismic data in PRLs 85 – 104 (COE interest 25%) is ongoing. The Operator is continuing to focus on delineating new exploration prospectivity at reservoir levels deeper than the Namur Sandstone level, such as the Birkhead, Hutton and Patchawarra formations.

The successful drilling results at Callawonga earlier in 2015 highlighted the additional reserves potential of the field. Further opportunities to increase production at Callawonga through development and appraisal drilling are considered to exist and are expected to be addressed in future drilling.



In PPL 207, (COE interest 30%), production from Worrior field is continuing. The Operator has initiated several cost saving measures to lower the field operating costs and extended field production life during the current low oil price environment. The extended production test of Worrior-8 was concluded.

In PELs 90K, 100 and 110 (COE interest 25%, 19.17% and 20%, respectively) the seismic survey inversion project of 595 km^2 of the Dundinna 3D seismic survey is ongoing with completion scheduled for the March quarter 2016. Results will assist in defining additional prospectivity in the permits, in particular in the Birkhead Formation.

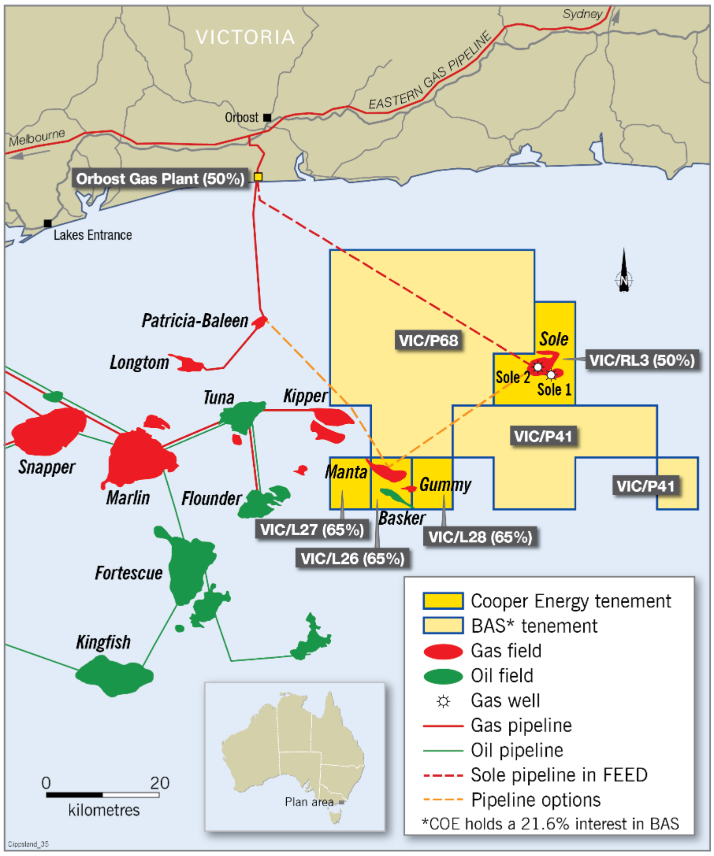


Gippsland Basin

Cooper Energy's direct interests in the Gippsland Basin comprise:

- a 50% interest in VIC/RL3 which holds the Sole gas field assessed to contain Contingent Resources (2C)[1] of 241 PJ of sales gas (refer ' Contingent Resource upgrade' below);
- a 65% interest and Operatorship of VIC/L26, VIC/L27 and VIC/L28 "BMG Joint Venture") which contains the Manta gas and liquids resource. As reported in the June 2015 quarterly report, a business case study has confirmed the technical feasibility of a development of the Manta gas field, and that there is an economic opportunity for development of the field. Manta is assessed to contain Contingent Resources (2C)[1] of 106PJ of sales gas and 3.2 million barrels of oil and condensate.
- a 50% interest in the Orbost gas plant, located onshore Victoria. The plant is currently in care and maintenance.

Activities and outcomes in respect of these interests for the quarter are reported below.



Sole Gas Project

The project encompassing the Sole field development, subsea tie-back and the Orbost Gas Plant upgrade continues as planned. The Define Phase, consisting of Front End Engineering and Design (FEED), together with parallel regulatory and commercial work-streams, was 31% complete at the end of December against planned progress of 32%. Plans have been put in place to accelerate progress against plan in the forthcoming quarter. Costs are running at 81% of budget and the project remains on schedule for a Final Investment Decision (FID) in the September quarter 2016.

Negotiations for additional contracts to the O-I contract previously reported are in progress with other gas buyers and expected to result in the announcement of further gas sales commitments in the coming months.

Contingent Resource upgrade

Contingent Resource estimates for the Sole field were upgraded during the quarter following reinterpretation of the results of special core analysis of the reservoir section of the Sole-2 well in VIC/RL3. As announced to the ASX on 26 November 2015, the upgrade has resulted in the gross 2C resource for the field increasing from 211 PJ to 241 PJ of gas and Cooper Energy's share of this increasing from 105 PJ to 121 PJ of sales gas.

Manta Gas Project

Assessment of the optimal development plan and timeline for this project is advancing with ongoing work.

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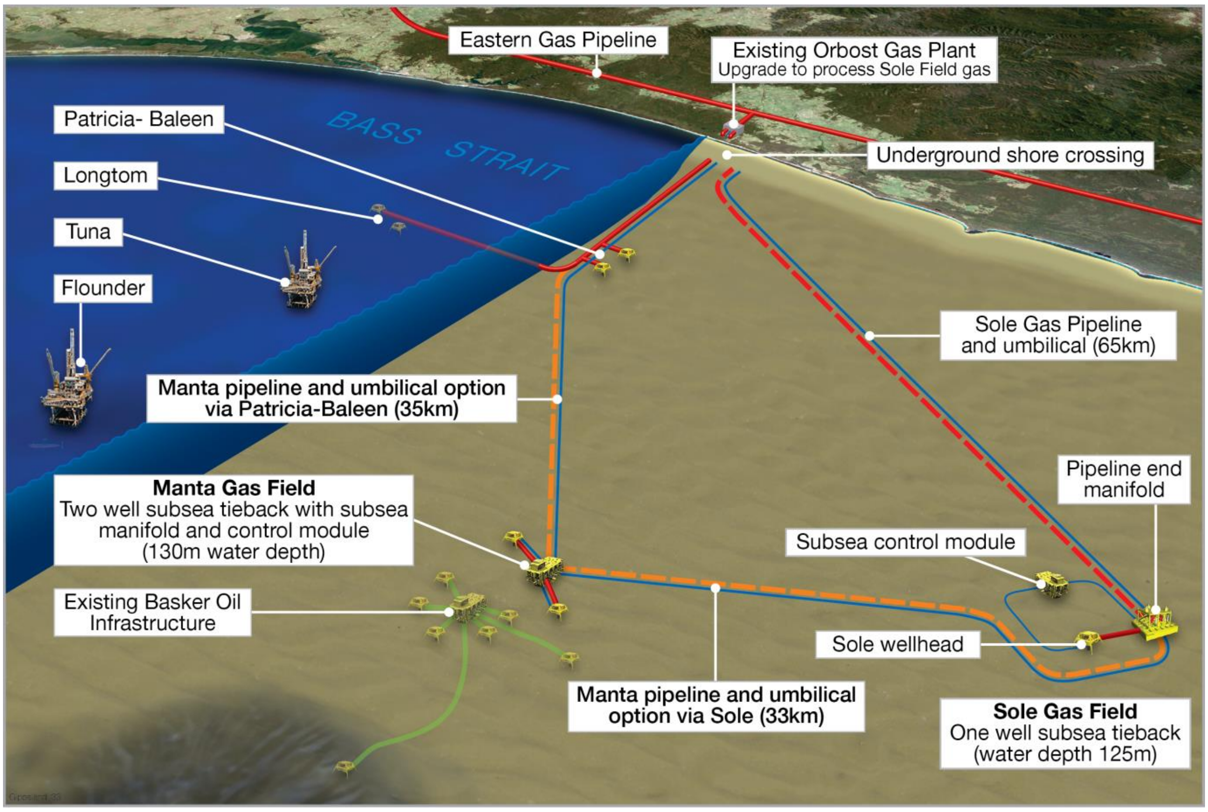
[1] Contingent Resources assessed for the Sole and Manta fields were announced to the ASX on 26 November and 16 July 2015, respectively. Cooper Energy is not aware of any new information or data that materially affects the information provided in those releases and all material assumptions and technical parameters underpinning the assessment provided in the announcement continues to apply.

Gippsland Basin Gas Hub data room



Gippsland Gas Hub Schematic

The company opened a data room on the Gippsland Basin Gas Hub, which comprises the Sole and Manta Gas Projects and the Orbost Gas Plant. The data room has been opened to facilitate the involvement of other parties in the development of the hub for the purpose of optimising project funding and aligning commercial interests across the Gippsland gas assets.

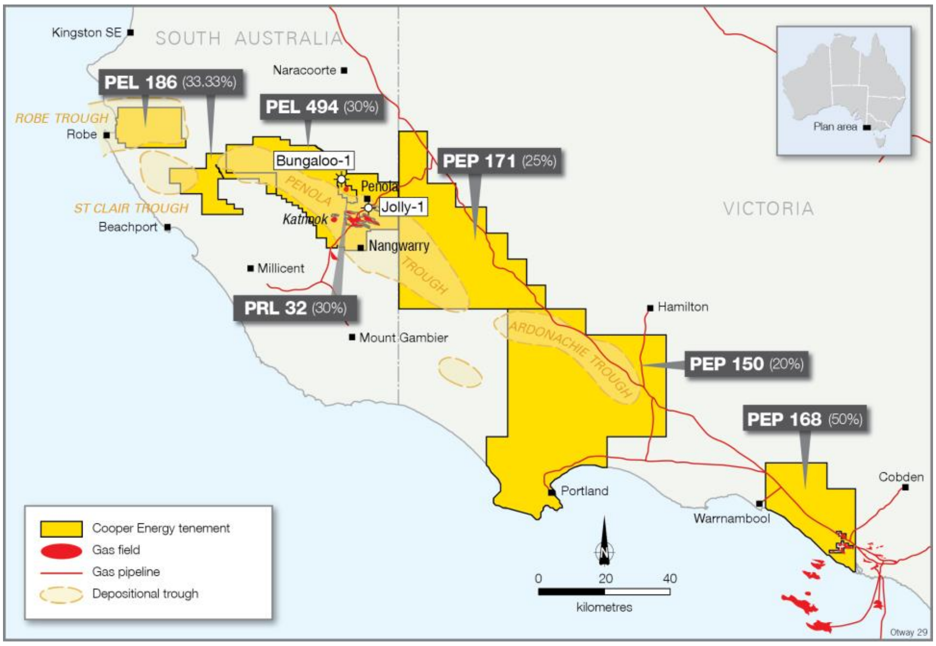
The data room has attracted engagement from a range of domestic and international parties.

Alignment of interests in the Manta and Sole Gas Projects to enable development as a single integrated project offers significant economic benefits through the capture of cost and schedule synergies that yield a more valuable project than separate stand-alone developments. Other benefits include the opportunity for optimised exploration and development programs using the existing and proposed infrastructure. Engineering work to quantify the potential benefits from the existing Manta and Sole Gas Projects continues.

Otway Basin

Prospectivity studies of the potential of the deeper Penola Trough are ongoing using results from the analysis of well and core data obtained from Jolly-1 and Bungaloo-1 in the Penola Trough, onshore Otway Basin, South Australia (PEL 494 Cooper Energy 30%).

Applications to suspend and extend PEPs 150, 168 and 171 for a further 12 months due to the ongoing moratorium on gas production are under review by the Victorian regulatory authority.



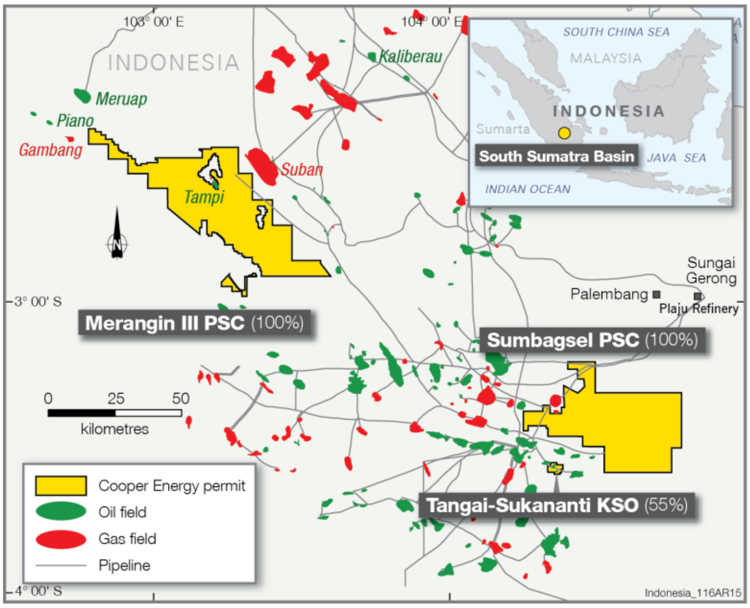
Indonesia

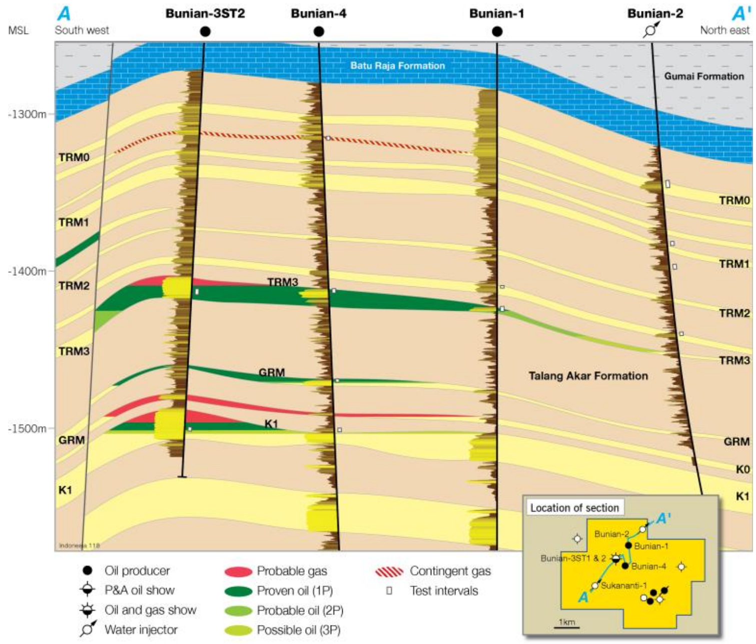
Production

Cooper Energy's share of oil production from the Tangai-Sukananti KSO (Cooper Energy 55%) during the December quarter was 35.4 kbbl (386 bopd); lower than the preceding quarter's record production of 38.2 kbbl (415 bopd).

The Bunian-4 appraisal/development well in the Tangai-Sukananti KSO was completed during the September quarter. The well has been completed as a future oil producer in the TRM3 and GRM sandstones and following installation of a jet pump is expected to commence production in the March quarter 2016.

Studies to modify the production facilities to allow for future infill drilling and an anticipated production increase upwards of 1,000 bopd (100% joint venture) are progressing. It is anticipated that modification of the field facilities will take place in the second half of calendar year 2016.





Exploration

Seismic survey planning progressed in the Sumbagsel permit (Cooper Energy 100%). The scouting of the proposed location of seismic to be acquired in 2016 was completed during the quarter.

Geologic studies in the Merangin III permit (Cooper Energy 100%) is ongoing to high-grade areas of the permit for future seismic acquisition.

Tunisia

As previously announced, Cooper Energy intends to divest its Tunisian portfolio. With current market conditions making a portfolio divestment transaction improbable the company is working to achieve orderly withdrawal on a permit by permit basis, whilst seeking to defer and limit further capital expenditure where feasible.

The Nabeul permit joint venture (COE interest 85%) did not extend or renew the permit and continued in discussions with the Tunisian government to settle the terms of exit from this permit.

In the Bargou permit (COE interest 30%) the joint venture has agreed to acquire approximately 500 km^2 of seismic data in the second half of FY16. This replaces a previous well commitment and is expected to complete the work program under the current permit term. Cooper Energy has the option to exit or continue when this work is complete.

In the Hammamet permit (COE interest 35%), Cooper Energy has previously notified the joint venture of its intention not to participate in the most recent extension of the permit and is in the process of withdrawing from the Hammamet joint venture.

Terms and abbreviations

Cooper Energy reports 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
- FEED: Front End Engineering and Design
- FID: Final Investment Decision
- 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

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- Does not take into account the individual investment objectives or the financial situation of investors.
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- Actual results may materially vary from any forecasts (where applicable).
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Hydrocarbon Reporting Standard

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

Calculation of reserves and resources

The approach for all reserve and resource calculations is consistent with the definitions and guidelines in the Society of Petroleum Engineers (SPE) 2007 Petroleum Resources Management System (PRMS). Field totals are aggregated by arithmetic summation. Aggregated 1P or 1C may be a very conservative estimate and aggregated 3P and 3C may be a very optimistic estimate due to the effects of this process on probabilistic estimates.

Sole gas field

In the Sole gas field, VIC/RL3 in the Gippsland Basin, offshore Victoria, Contingent Resources have been assessed using probabilistic simulation modelling for the Kingfish Formation at the Sole Field. This methodology incorporates a range of uncertainty relating to each of the key reservoir input parameters to predict the likely range of outcomes.

The date of the Sole Contingent Resource Assessment is 26 November 2015. The conversion factor of 1 PJ = 0.171936 MMboe has been used to convert from Sales Gas (PJ) to Oil Equivalent (MMboe). Contingent Resources assessed for the Sole field were announced to the ASX on 26 November 2015.

Manta gas and oil field

In the Manta gas field in VIC/L26 and VIC/L27 in the Gippsland Basin, offshore Victoria, Cooper Energy Limited has undertaken a Contingent and Prospective Resources assessment using deterministic simulation modelling and probabilistic resource estimation for the Intra-Latrobe and Golden Beach Sub-Group in the Manta field. This methodology incorporates a range of uncertainty relating to each of the key reservoir input parameters to predict the likely range of outcomes.

The date of the Manta Contingent Resource and Prospective Resource assessment is 16 July 2015. Contingent Resources for the Manta Fields have been aggregated by arithmetic summation. Conversion factors for the Manta fields are 1 Bcf = 1.125 PJ and 1 PJ = 0.172 MMboe. Contingent and Prospective Resources assessed for the Manta field were announced to the ASX on 16 July 2015.

Bunian oil field

In the Bunian oil field, Tangai-Sukananti KSO, Indonesia, Reserves have been assessed using a methodology that consists of probabilistic estimation for both the TRM3 Sandstone and the K1 Sandstone reservoirs and incorporates a range of uncertainty relating to each of the key reservoir input parameters to predict the likely range of outcomes.

The date of the Bunian field reserves assessment is 18 May 2015. The Reserves assessed for the Bunian field incorporating the results of Bunian-3 were announced to the ASX on 18 May 2015.

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.