

2016 First Half Financial Results

25 February 2016

- **Statutory loss after tax of \$(34.1) million after significant non-operating items of \$(32.8) million**
- **Underlying net loss after tax of \$(1.3) million (pcp: loss of \$0.4 million)**
- **Positive operating cash flow of \$2.6 million (pcp: outflow of \$2.0 million)**
- **Cash and financial assets of \$30.2 million at 31 December 2015**
- **Gas projects advancing: Sole FEED on schedule; and Heads of Agreement for initial gas sales**
- **Operating cash costs per barrel reduced 20%; admin. cash cost down 10% on annualised basis**
- **Agreement for sale of Indonesian exploration assets**
- **Conference call 9 am AEDT, 25 February**

Cooper Energy Limited ("Cooper Energy", ASX: **COE**) has announced its financial results for the six months to 31 December 2015 ("2016 first half"), reporting a statutory loss, positive operating cash flow and a solid balance sheet that will be boosted by proceeds from the sale of Indonesian exploration assets announced subsequent to year end.

The statutory loss after tax of \$(34.1) million was recorded after significant non-operating items of \$(32.8) million. The significant non-operating items include: non-cash impairments to align Indonesian assets (which are being held for sale) to fair value; impairment to the carrying value of onshore Otway Basin acreage; provision for Cooper Energy's share of the Nabeul Joint Venture exiting that permit in Tunisia; and impairment to northern Cooper Basin oil exploration acreage. The 2016 first half statutory loss compares with the previous corresponding figure of \$(58.0) million, which was also affected by impairments.

Exclusive of significant non-operating items, the company reported an underlying loss after tax of \$(1.3) million compared with the underlying loss of \$(0.4) million in the 2015 first half, with the reduction being chiefly attributable to lower oil prices. The average oil price received of A\$60.58/bbl was 38% lower than the 2015 first half comparative of A\$97.46/bbl. The lower price is calculated to have had an unfavourable profit impact of approximately \$9 million before tax. Sales revenue for the period of \$14.6 million was down from \$23.0 million. Oil production for the period of 0.25 million barrels was unchanged.

Cooper Energy Managing Director David Maxwell said that expenditure by the company building its gas business had been responsible for translating the earnings from oil operations into a small underlying loss for the period.

"Our oil business is profitable, notwithstanding the low oil prices. While the additional expenditure committed on our gas projects resulted in an underlying loss, our progress is clear and we are building a gas business which will, in due course, provide transformational growth for Cooper Energy" he said.

The company generated a positive cash flow from operations. Cash of \$2.6 million was generated from operating activities during the period, up from the outflow of \$(2.0) million in the pcp.

The company held cash and financial investments of \$30.2 million at 31 December, with a further \$10 million cash anticipated in net proceeds from the divestment of the Indonesian exploration assets announced in February and expected to complete by June.

“Operating cash costs were reduced 20% to A\$30.78 per barrel and general administration cash costs decreased 5% in comparison with the previous first half and by 10% on an annualised basis” said Mr Maxwell.

“Our half year report shows that Cooper Energy is in a solid financial position, with our cost reduction initiatives having a clear impact and production operations generating cash, while our Sole gas project is advancing”.

“Having secured the initial heads of agreement for Sole gas sales, we now expect to add further agreements prior to the end of the financial year to support the Final Investment Decision (FID). Our negotiations with gas buyers continue to confirm demand and prices that support Sole development. Front End Engineering and Design (FEED) is 44% complete at end-January and proceeding under-budget, and on-schedule, for FID in the coming September quarter” he said.

Mr Maxwell said the period had also seen positive developments for the Manta gas project, located offshore Victoria in the Gippsland Basin. “Gas buyers have expressed interest in gas from Manta and this is now part of negotiations. Technical analysis has identified prospectivity in the sandstone reservoirs below the gas bearing zones drilled by Manta-1 and Chimeara-1 which could provide significant upside potential, subject to drilling results”.

“Furthermore, our analysis has identified substantial cost savings and potential value-add opportunities if the Sole and Manta gas resources can be developed in a coordinated manner. The Gippsland gas data room we commenced in November is intended to enhance commercial alignment across the Gippsland gas assets which can enable realisation of these value-add opportunities” he said.

Capital expenditure guidance has been cut 20%, while maintaining funding for the company’s growth projects. FY16 capital expenditure has been reduced from \$39 million to \$30 to 32 million, with the Gippsland Basin gas projects representing approximately 70% (A\$22 million) of the revised figure. Cooper Basin exploration and development activity has been scaled back with no wells planned for the second half.

Production guidance for FY16 has been narrowed to 450,000 to 500,000 barrels of oil, in line with FY15. Operating cost guidance for the full year of A\$32.50 per barrel in the Cooper Basin and A\$35 per barrel in Indonesia is well within current oil prices of approximately A\$48/bbl.

Mr Maxwell noted “Cooper Energy is now set for a very busy and significant period in its development. In the coming period we expect the gas sales agreements and project commitments that will be the basis for the company’s transformation into a significant upstream energy producer with a growing long term stable gas business”.

Further comment and information	
David Maxwell	Managing Director +61 8 8100 4900
Don Murchland	Investor Relations +61 439 300 932

Conference call and webcast details:				
Time:	9:00 am AEDT, Thursday 25 February			
Webcast	http://webcast.openbriefing.com/2671/			
Conference call	Conference ID number: 4743 2559			
Australia:	Toll free: 1800 123 296			
	Toll: +61 2 8038 5221 - (can be used if dialing from an international location)			
International dial-in	Toll free:			
	Canada	1855 5616 766	New Zealand	0800 452 782
	China	4001 203 085	Singapore	800 616 2288
	Hong Kong	800 908 865	United Kingdom	0808 234 0757
	Japan	0120 477 087	United States	1855 293 1544
	India	1800 3010 6141		

About Cooper Energy Limited (ASX:COE) is an ASX listed exploration and production company featuring low cost oil production in the Cooper Basin and gas resources and infrastructure in the Gippsland Basin it is working to develop for Eastern Australia's emerging supply needs. The company has a management and Board team with a proven track record in building resource companies, is debt free with cash reserves and is executing a clear shareholder-return driven strategy to create value from opportunities in the Australian energy market. www.cooperenergy.com.au