Quarterly Report September 2016

24 October 2016

Key features Q1 FY17

- **First quarter production:** 91 kbbl in the 3 months to 30 September, down 13% on previous quarter of 105 kbbl and compared to the pcp of 125 kbbl
- **Revenue of $4.9 million:** down from $6.6 million in previous quarter due to lower volumes and lower average oil price of A$54.93/bbl, down 16% on previous quarter
- **Drilling success:** following resumption of Cooper Basin drilling with Callawonga-12
- **Sole gas contracts:** third sales contract signed takes contracted gas up to 9.6 PJ/year
- **Sole Gas Project:** progressing towards FID for first gas March quarter 2019
- **Low cost operations:** direct operating costs of A$28.72/bbl, in line with A$28.36/bbl in the previous quarter
- **Strong financial position:** cash and investments of $40.2 million

Managing Director's comments

"Since the start of the financial year Cooper Energy has completed some key milestones on our agenda for the current period.

"On the gas side of our business, we have completed FEED for the Sole gas project, signed binding gas sales agreements with Alinta Energy and O-I Australia and preparations for a Final Investment Decision are well underway. Gas market trends in south-east Australia have continued to reinforce the case for development of Sole. Interest in the project from gas buyers, financiers and investors has continued to rise.

"The resumption of drilling in the Cooper Basin was successful with Callawonga-12 and we are looking forward to our first exploration well in nearly 18 months with the spudding of Penneshaw-1 in November.

"The concentration of our portfolio on Australia continues with the completion of our exit from the Nabeul permit in Tunisia and the contract for sale our remaining Indonesian asset announced last week. We expect to have achieved our objective of a portfolio completely concentrated on Australia within 12 months."

Further comment and information:

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Managing Director	**Investor Relations**

Financial

Sales revenue for the 3 months to 30 September 2016 (the September quarter) was $4.9 million compared with $6.6 million in the previous quarter and $7.6 million in the September quarter 2015 (the previous corresponding period; “pcp”).

The lower quarterly revenue is due to lower prices and volumes sold. The September quarter average oil price of A$54.93/bbl was 16% lower than the June quarter average of A$65.64/bbl and 12% lower than the pcp. The first quarter revenue and average oil price are inclusive of a realised hedge loss of $0.1 million. Hedging gains of $0.5 million and $0.3 million were recorded for the June 2016 and September 2015 quarters.

Sales volume for the September quarter was 89.2 kbbl compared with 100.6 kbbl in the previous quarter, with lower output being recorded from Cooper Basin and Indonesian operations. Discussion of production results by region is included under the heading ‘Production, Exploration & Development’ later in this report.

Direct production costs, including transport and royalties, of A$28.72/bbl were largely unchanged from the previous quarter’s comparative of A$28.36/bbl and 13% lower than the pcp of (A$33.06/bbl).

Capital expenditure was $4.2 million, down from $8.2 million in the previous quarter. Drilling in PEL 92 and expenditure in relation to the Sole FEED were the major capital expenditure items in the quarter.

Cash expenditure during the period included the payment of the $3.7 million fee agreed with the Tunisian government to complete withdrawal from the Nabeul permit.

Cash at 30 September of $39.3 million compares to the quarter’s opening balance of $49.8 million. Total cash and investments available for sale at 30 September was $40.2 million compared with $50.8 million at the beginning of the quarter.

Hedging

Cooper Energy uses hedging to protect against downside oil price scenarios and retain partial exposure to higher oil prices. The company realised a hedging loss of $0.1 million from its participating swaps during the quarter. The table below summarises the hedging in place as at 30 September 2016:

Hedge arrangements (bbls remaining as at 30 September 2016):	**H1 FY17**	**H2 FY17**	**H1 FY18**	**Total**
A$57.00 – A$69.70: zero cost collar options	30,000	30,000	-	60,000
A$54.45 floor + 50% above floor: zero cost participating swap	15,000	30,000	30,000	75,000
Total	**45,000**	**60,000**	**30,000**	**135,000**

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Description	Units	Quarter Ending 30-Sep 2016 [1]	30-Jun 2016 [2]	Change	Year to Date 30-Sep 2016 [1]	30-Sep 2015	Change
Production and Sales							
Oil produced	kbbl	**90.8**	104.6	-13%	**90.8**	125.0	**-27%**
Oil sold / delivered for sale	kbbl	**89.2**	100.6	-11%	**89.2**	121.5	**-27%**
Sales revenue[4]	$ million	**4.9**	6.6	-26%	**4.9**	7.6	-36%
Average oil price[4]	A$/bbl	**54.93**	65.64	-16%	**54.93**	62.54	-12%
Direct operating cost[5]	A$/bbl	**28.72**	28.36	1 %	**28.72**	33.06	**- 13%**
Capital Expenditure							
Exploration and Appraisal	$ million	**3.5**	8.2	- 57%	**3.5**	6.4	**-45%**
Development and Fixed Assets	$ million	**0.7**	-	0%	**0.7**	3.7	**-81%**
Total Capital Expenditure		**4.2**	8.2	-49%	**4.2**	10.1	**-58%**
Financial Assets							
Cash and term deposits	$ million	**39.3**	49.8	-21%	**39.3**	36.1	**9%**
Investments[3]	$ million	**0.9**	1.0	-10%	**0.9**	1.5	**-40%**
Total Financial Assets		**40.2**	50.8	-21%	**40.2**	37.6	**7%**
Capital							
Issued shares	million	**435.2**	435.2	0%	**435.2**	332.1	**31.0%**
Performance Rights	million	**19.1**	19.1	0%	**19.1**	17.0	**12.4%**
Share Appreciation Rights	million	**22.3**	22.3	0%	**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) Investments shown at fair value at the reporting date shown

(4) Includes realised hedge loss of $0.1 million for the September quarter 2016, $0.5 million hedge gain in June quarter 2016 and $0.3 million hedge gain in September quarter 2015; and end of period oil price adjustments on oil delivered for sale but not invoiced

(5) Direct operating costs includes production, transport and royalties

Production, Exploration & Development

Australia

Production: Cooper Basin

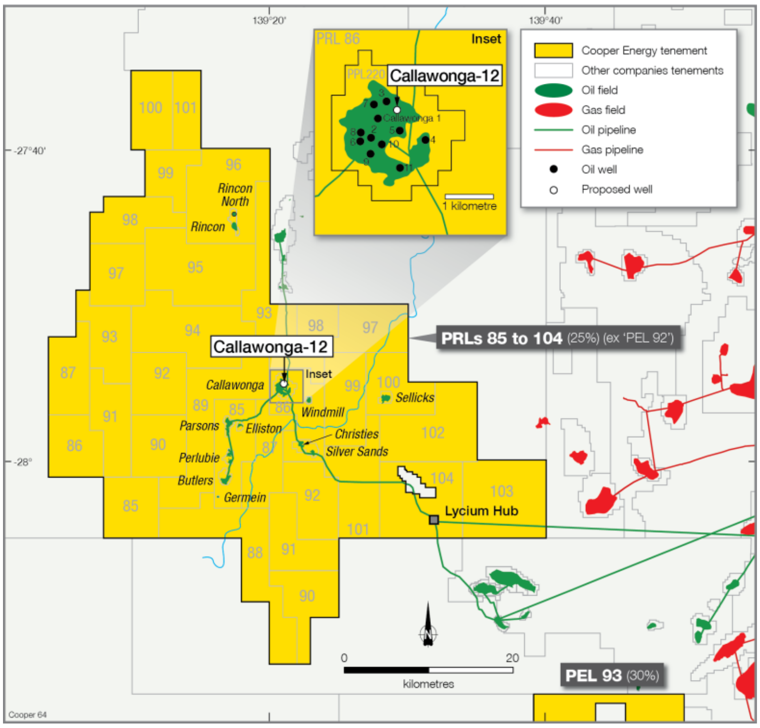
The Company's share of oil production from its Cooper Basin tenements for the September quarter was 66.4 kbbl (average 723 bopd) compared with 67.6 kbbl (average 739 bopd) in the preceding quarter and 87.3 kbbl (average 944 bopd) in the previous corresponding period. The movement reflects natural decline following the curtailment of capital expenditure and the suspension of drilling in FY16.

Production from the PEL 92 Joint Venture (PRLs 85-104) accounted for 94% of this production. Cooper Energy's share of PEL 92 September quarter production was 62.4 kbbl (average 679 bopd), down from 63.4 kbbl in the previous quarter and compared to 81.4 kbbl in the previous corresponding period.

Production from the PPL 207 (Worrior Field) Joint Venture accounted for the balance of the company's Cooper Basin production. Cooper Energy's share of PPL 207 September quarter production was 4.0 kbbl (average 43.6 bopd), down from 4.2 kbbl in the previous quarter and compared to 5.9 kbbl in the previous corresponding period.

Cooper Basin: Exploration and Development

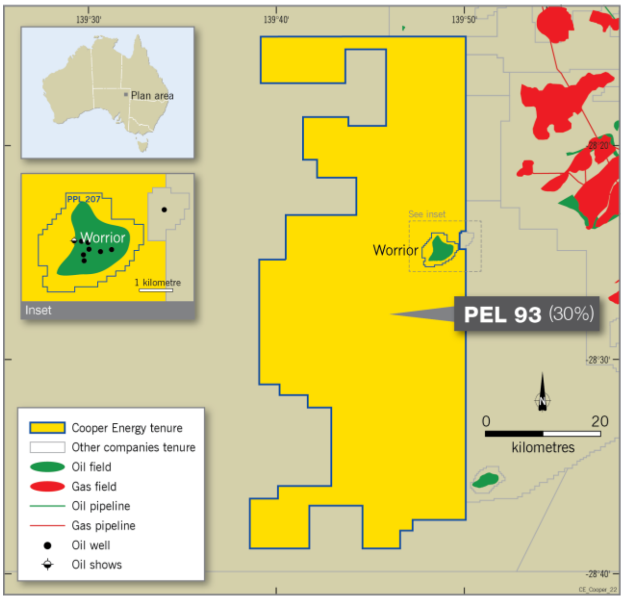
The PEL 92 joint venture drilled one well during the September quarter. Callawonga-12, an oil development well in PPL 220, located 230 metres southeast of Callawonga-3, was drilled to accelerate production from the northern part of the Callawonga Field. The well encountered a 4.0 metre gross oil column (approximately 2 metres net oil) in the McKinlay Member and Namur Sandstone primary targets, and was cased and completed and will be brought on line as an oil producer in the December quarter.



Seismic interpretation studies by the PEL 92 Joint Venture are ongoing and a number of new prospects have been identified at reservoir levels deeper than the Namur Sandstone level, such as the Birkhead, Hutton and Patchawarra formations. At least one exploration well will be drilled during FY17.

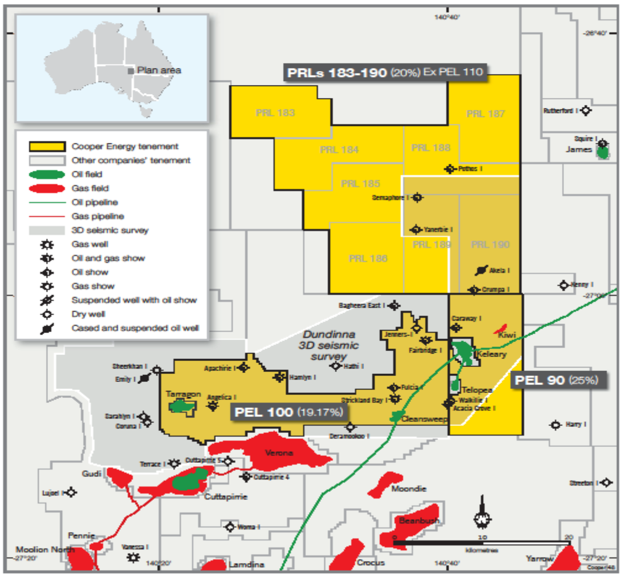
In addition to exploration studies, detailed reservoir modelling of the Callawonga and Parsons fields was completed by the PEL 92 Joint Venture (COE interest 25%) and modelling of the Butlers Field will be completed in the December quarter.

In PPL 207 (COE interest 30%), the Operator continues to execute cost-saving measures to lower the Worrior Field operating costs and extend field production life. Detailed reservoir modelling of the field is ongoing to consider future infill drilling opportunities to add incremental reserves or accelerate production. A successful zone change from the Patchawarra Formation to the McKinlay Member in Worrior-8 during the March quarter continues to support field production.



In PELs 90K (COE interest 25%), 100 (19.17% interest) and 110 (PRLs 183-190; 20% interest); the interpretation of the Dundinna 3D seismic survey inversion data to define new prospectivity was nearing completion and the Operator is incorporating the results into a regional prospectivity study that will form the basis of a review of the prospect inventory in FY17.

An application to convert PEL 100 to PRLs 207-209 was submitted during the September quarter, with regulatory approval anticipated during the December quarter.

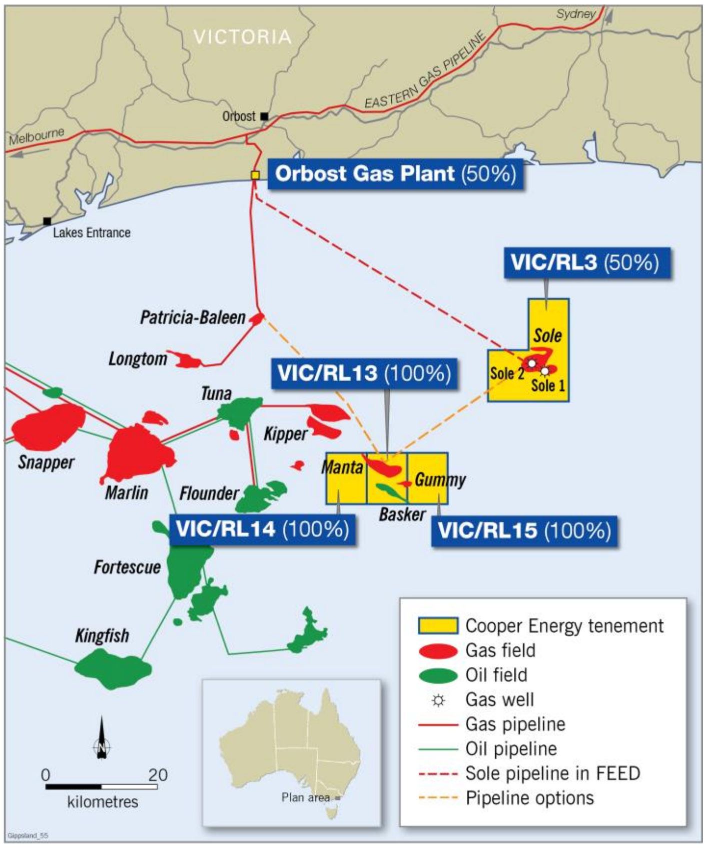


Gippsland Basin

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 (COE share: 121 PJ) of sales gas. Santos Limited is the Operator and other interest holder in VIC/RL3;
- a 100% interest and Operatorship of VIC/RL13, VIC/RL14 and VIC/RL15 which contain the Manta gas and liquids resource.
- a 50% interest in the Orbost Gas Plant, located onshore Victoria. Santos Ltd holds the remaining interest and is the Operator.

Manta is assessed to contain Contingent Resources (2C)[1] of 106 PJ of sales gas and 3.2 million barrels of oil and condensate (100% share). The field is the subject of an appraisal plan. An economic opportunity has been identified for sale of gas from the field to the south-eastern Australia gas market via the Orbost Gas Plant.



Additional gas and liquids potential has been identified in a prospect below the Manta gas and oil field and at the adjacent Chimaera East prospect (also in VIC/RL13, VIC/RL14 and VIC/RL15). These prospects are assessed to contain unrisked Best Estimate Prospective Resource[2] of 150 MMboe consisting of 755 PJ gas and 20 MMbbls oil and gas liquid (100% share). The estimated quantities of petroleum that may be potentially recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The Manta prospect can be evaluated by deepening the proposed Manta-3 appraisal well by 1,000 metres. The well could be scheduled for 2018 within a proposed drilling campaign that includes the drilling of the Sole gas field development well.

[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.

[2] Prospective Resources assessed for Manta Deep and Chimaera Deep were announced to the ASX on 4th May 2016. 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.

Commercialisation of Gippsland Basin gas fields

The company is pursuing commercialisation of its Gippsland Basin gas resources. The first project, involving development of the Sole gas field, with associated modifications to the Orbost Gas Plant, is being prepared for a final investment decision on a development to supply first gas in the March quarter of 2019.

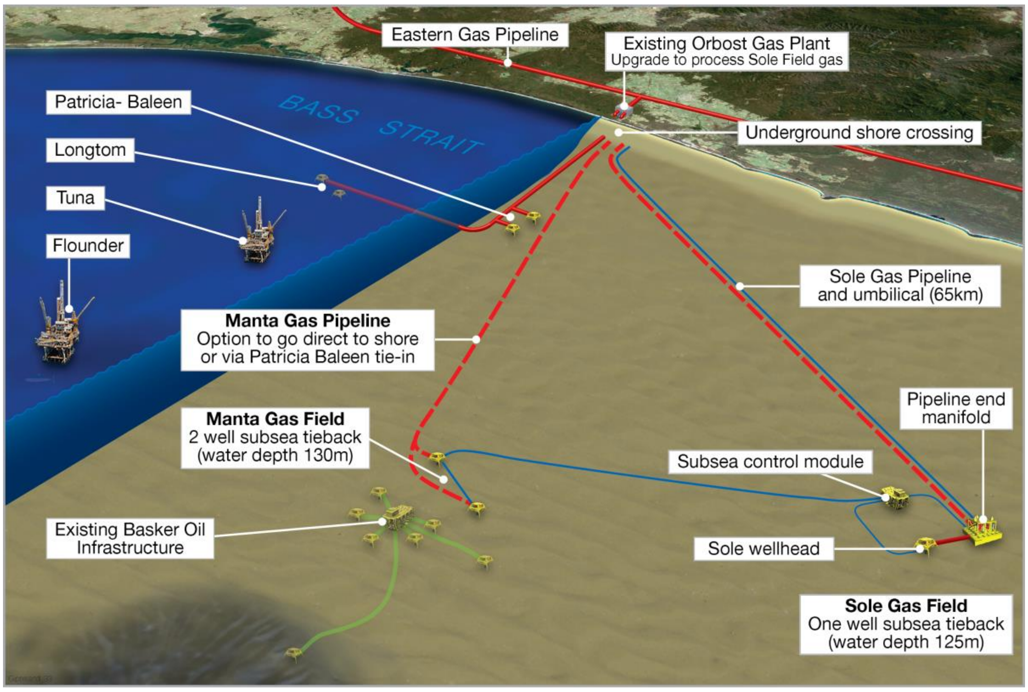
The portfolio of gas contracts held by the company for its Sole gas continues to develop. Contracting developments since the previous quarterly report include:

- the signing of a binding gas sales contract with O-I Australia to give effect to the heads of agreement announced in July 2015; and
- the signing of a contract to supply Alinta Energy with up to 16 PJ of gas announced on 20 October. Cooper Energy has contracted to supply 2 PJ per annum for a minimum of 5 years, with a provision for a 3 year extension.

These contracts, together with the sales agreement with AGL, provide sales for up to 77 PJ of Cooper Energy's 121 PJ equity share of Sole gas. Cooper Energy has now contracted 9.6 PJ of its 12.5 PJ annual share of Sole production for the first 8 years of field life.

The company's remaining uncontracted gas is attracting firm interest from gas buyers and the contracting strategy for this gas is being conducted with a view to optimising project returns, project financing, and prudent risk.

Figure 1: Indicative development concept for Gippsland Basin gas projects



Front End Engineering and Design (FEED) of the Sole Gas Project was completed during the quarter with an estimated capital cost of $552 million subject to the finalisation of onshore contracting and offshore drilling costs. Independent Expert reports and quality assurance reviews have been completed.

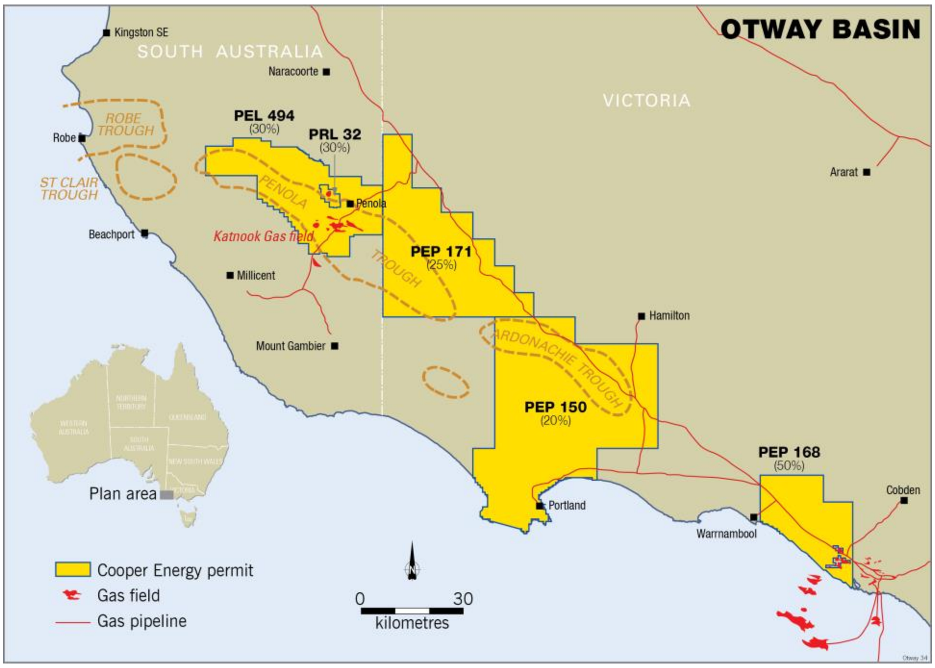
The determination of optimal funding and equity structures are the major remaining work streams ahead of the FID proposal for consideration in the December quarter 2016.

Geological and geophysical work in VIC/RL13, VIC/RL14 and VIC/RL15, offshore Gippsland Basin, is ongoing. The focus is on prospectivity additional to that identified in Manta and Chimaera East announced to the ASX on 4 May 2016.

Work has begun on static geological model over the Chimaera East prospect to assist in refining the resource potential and exploration well positioning.

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, COE interest 30%). The Operator is expected to complete reprocessing of the Balnaves and St George 3D seismic surveys in the Penola Trough in the December quarter.



The status of pending applications to suspend and extend PEPs 150, 168 and 171 onshore Victoria for a further 12 months due to the ongoing moratorium on gas exploration is uncertain. On 30 August, the Victorian Government announced a permanent ban on the exploration and development of all onshore unconventional gas in Victoria, including hydraulic fracturing and coal seam gas, and the extension of the current moratorium on onshore conventional gas exploration and development to 30 June 2020. Cooper Energy and its joint venture partners are reviewing their options and future plans relevant to the onshore permits in Victoria.

Indonesia

Cooper Energy's share of oil production from the Tangai-Sukananti KSO (Cooper Energy 55%) during the September quarter was 25.4 kbbl (276 bopd) compared with 37.0 kbbl in the previous quarter and 37.7 kbbl in the pcp.

The company is in the process of withdrawing from Indonesia and other international operations in order that capital and other resources can be concentrated on growth opportunities available in Australia. The Tangai-Sukananti KSO in the South Sumatra Basin is the company's remaining interest in Indonesia. Subsequent to the end of the quarter the company accepted an offer from Bass Strait Oil Company Limited (Bass; ASX: BAS) for the sale of its interest in the KSO.

The transaction, signed on 19 October which has a completion date 3 months after signing is subject to a number of conditions including relevant Indonesian Government regulatory approvals, securing of shareholder approval by Bass and the conduct of a capital raising by Bass. Cooper Energy is currently a 13.5% shareholder in Bass.

Under the terms of the agreement, Cooper Energy will receive total consideration of A$5.7 million comprising:

- initial cash consideration of $0.5 million on completion plus shares in Bass equating to A$270,000 (being 180 million shares in Bass at 0.15 cents per share. The share allocation will take Cooper Energy to 24.09% interest in Bass;
- cash of A$2.27 million payable 12 months from signing of the sale agreement; and

- working capital of A$2.7 million to be collected as receivables including Value Added Tax, are realised.

As advised to the ASX on 24 August 2016, a contract for the sale of the company's interest in the Tangai-Sukananti KSO reported in the June quarter report was not executed after the condition of regulatory approval was not met by the stipulated completion date and the bidder declined an extension to the transaction sunset date.

Tunisia

The company is well advanced in its plans to complete withdrawal from Tunisia. The company's interest involve only the Bargou joint venture, for which the work program is forecast to be fulfilled in the December quarter.

The status and activities of the Tunisia permits is as follows:

- **Bargou:** (COE interest 30%): the only remaining work obligation for the current permit term is the abandonment of the Hammamet West-3 well. This is expected to commence in November. Cooper Energy has advised the joint venture of its intention to withdraw following completion of the work program.
- **Nabeul:** the joint venture has completed withdrawal from the permit during the quarter following payment of the US$3.2 million fee (100%, COE share 85%) agreed with the Tunisian Government.
- **Hammamet:** Cooper Energy has withdrawn from the joint venture in accordance with the terms of the joint operating agreement and has been subsequently served with a Request for Arbitration by the remaining joint venture partners (Medco Ventures International (Barbados) Ltd and DNO Tunisia AS) seeking security from Cooper Energy for its share (COE interest was 35%) of a well which is yet to be drilled, as well as unspecified damages for a claimed breach of the operating agreement. Cooper Energy believes the claim to be without basis and denies any liability for activities undertaken during an extension period of the permit in which it has elected not to participate. There were no developments concerning the claim during the period.

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
- FY16: financial year ending 30 June 2016
- 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
- the quarter: three months ended 30 September
- scf: Standard cubic feet (of gas)
- SPE: Society of Petroleum Engineers

Disclaimer

The information in this report

- Is not an offer or recommendation to purchase or subscribe for shares in Cooper Energy Limited or to retain or sell any shares that are currently held.
- Does not take into account the individual investment objectives or the financial situation of investors.
- Was prepared with due care and attention and is current at the date of the report.
- Actual results may materially vary from any forecasts (where applicable).
- Before making or varying any investment in shares of Cooper Energy Limited, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.

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

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 conversion factor of 1PJ = 0.172MMboe has been used to convert from Sales Gas (PJ) to Oil Equivalent (MMboe). The date of the Sole Contingent Resource Assessment is 26 November 2015 and the assessment was announced to the ASX on 26 November 2015. Cooper Energy is not aware of any new information or data that materially affects the information provided in that release and all material assumptions and technical parameters underpinning the assessment provided in the announcement continues to apply.

Manta gas and oil field

Contingent and Prospective Resources have been assessed 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 conversion factor of 1PJ = 0.172MMboe has been used to convert from Sales Gas (PJ) to Oil Equivalent (MMboe). Contingent Resources for the Manta Field have been aggregated by arithmetic summation. The date of the Manta Contingent Resource assessment is 16 July 2015 and the assessment was announced to the ASX on 16 July 2015. Cooper Energy is not aware of any new information or data that materially affects the information provided in that release and all material assumptions and technical parameters underpinning the assessment provided in the announcement continues to apply

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.