Address to the 2019 Annual General Meeting of Cooper Energy Ltd
by the Managing Director, David Maxwell
7 November 2019

Thank you, Chairman and good morning ladies, and gentlemen.

First, I want to note and acknowledge that all we do is a team effort – the board, staff and contractors. It is all of us working as one team to deliver on our plans – for our shareholders and doing this with care.

Slide: Gas business model

Our gas strategy has been consistent and unchanged. It involves establishment of a multi-basin portfolio-style gas business comprised of:

- assets possessing superior competitiveness in the supply of gas to south-east Australia; and
- a portfolio of gas customers – long-term gas customers.

Our business model is structured around 2 hubs: the Gippsland and Otway basins. These are the regions we identified as the most competitive sources of gas supply to our chosen market.

From these regions, we match supply from a portfolio of production assets to a portfolio of contracts and sales opportunities so we can optimise returns to shareholders and supply costs for customers.

As you can see from the map, the Otway hub is well placed for supply to Melbourne and very well placed for supply to South Australia. The Gippsland hub is better located for Sydney and Canberra, while also being the major point of supply for Melbourne.

Our customers are blue-chip utilities and gas users and we seek to build win-win supplier-customer relationships.

We are not trying to extract the highest gas price the market can offer. We are building the business around stable longer-term supply arrangements offering steady loads that will return predictable and steady long-term cash flows and efficiency gains.

That is the strategy in a nutshell. What I would like to do now is take you through our assets, their fit within the strategy and our plans for the coming 6 to 24 months.

Slide: Sole Gas Project

Sole is currently our most significant asset. It accounts for 78% of our gas reserves and, at the gas plant design rates, is expected to account for around 80% of our gas production.

We are keenly awaiting commencement of production, which should occur in the near future, subject to the completion of commissioning. We had been expecting to be supplying gas from Sole by now, selling into a number of agreements negotiated for supply of gas prior to the start of our initial term contracts in 2020. So, the delay in completion of the upgrade to the Orbost Gas Plant has been, and remains, very frustrating.

We are mindful the production and processing of gas from Sole into south-east Australia is a long-term collaboration between Cooper Energy and APA Group. We know APA Group are working diligently to deliver the plant upgrade as soon as can be safely achieved and we are doing what we can to support that objective.

This slide illustrates the production profile anticipated. As you can see, the term contract capacity at these rates is now fully committed until 2025.

We will be working collaboratively with APA, the owner-operator of the Orbost Gas Plant, to optimise production from Sole. The immediate focus is on achieving the plant design production rate of 68 terajoules per day as soon as possible. However, plants typically achieve output beyond their name-plate capacity and the performance of Sole-3 and Sole-4 established the field is capable of higher production rates than design.

Both parties stand to benefit from acceleration of production, and we expect to be working with APA on de-bottlenecking activities for higher output once we are satisfied base level output has been established. Gas produced in excess of contract requirements will be available for sale at the market prices and we have received strong interest from gas users in its availability.

Slide: Manta

Adjacent to Sole we have the undeveloped Manta gas and liquids resource, which we regard as the next phase of Gippsland development after Sole.

Manta has an assessed 2C, or best estimate, Contingent Resource of 121 petajoules of gas and 3.4 million barrels of condensate and oil. Our agreement with APA for processing at Orbost includes access provision for Manta. Additional plant processing capacity would be required while the plant is processing the full volume of Sole gas.

We have incorporated provision for Manta in the design of the Sole offshore development and completed conceptual engineering for a pipeline and Orbost Gas Plant modifications. The subsea umbilical completions at Sole incorporate connection capability for Manta to avoid duplication.

The Manta 2C Contingent Resource can support annual production of 18 petajoules of gas and approximately half-a-million barrels of condensate per annum which, at current prices, represents a yearly revenue stream in excess of that anticipated from Sole.

An appraisal well, Manta-3, is required before a full field development decision. In addition to appraising the existing field extent, Manta-3 will be designed to test a much larger, and deeper, exploration target.

Manta-3 is among the opportunities being included for our next drilling campaign. Subject to rig availability, sequencing, well results and development decisions, production from Manta could commence from 2024 onwards.

Development of Manta as a gas resource was originally anticipated as a second phase development of what was the Basker Manta Gummy, or the “BMG” oil project. This has significance on two fronts.

First, abandonment of the BMG subsea oil infrastructure is an activity we have been providing for and are expecting to conduct in the future.

Secondly, and more significantly, there are Petroleum Resource Rent Tax (or “PRRT”) credits associated with the BMG project which have relevance for the second phase gas development and potentially for the Gippsland operation. The potential to access these credits is a material consideration in our plans for Manta. We are eagerly awaiting the finalisation of outcomes from the Commonwealth Government’s Callahan PRRT Review to provide fiscal certainty to enable our recommendation to commit to drilling the Manta well.

Slide: Gippsland exploration acreage

Rounding out our Gippsland asset base are the exploration permits VIC/P72 and VIC/P75.

VIC/P72 adjoins the licence containing our Patricia Baleen gas infrastructure and the pipeline connection to the gas plant. It is close to several Esso-operated gas and oil fields including Remora, Sunfish, and the SGH-operated Longtom gas field.

Since securing the permit in 2018 we have interpreted reprocessed seismic data and conducted a seismic inversion study. Interpretation is ongoing to identify prospects for consideration and ranking to select the preferred target for drilling an exploration well.

VIC/P75 is a recent addition, having only been acquired in September of this year. Our commitment is to conduct seismic reprocessing and geological and geophysical studies.

The permit is surrounded by the largest producing oil and gas fields discovered in southern Australia. However, following up these initial discoveries has proven a challenge to date. We think the application of modern seismic processing will provide greater clarity to the definition of the subsurface and potentially lead to definition of additional prospectivity in the permit.

Slide: Otway Basin gas hub

The Chairman noted the past 12 months have been an eventful period for Cooper Energy and I observe that the majority of these events have occurred around the Otway Basin hub.

Three recent events, all in the past 2 months, have favourable implications for the future of our Otway Basin gas hub.

Slide: Minerva Gas Plant

First, the cessation of production from the Minerva Gas Plant on 3 September meant the process for acquisition of the plant could commence.

Acquisition and connection of the Minerva Gas Plant will deliver benefits to our existing and future business in the offshore Otway. Gas supply from the Casino, Henry and Netherby fields will benefit from lower processing costs, improved recovery enabled by lower inlet pressure and the ability to offer customers firm supply (as opposed to the interruptible supply at present). Exploration for new discoveries can be undertaken with the knowledge very cost- effective processing option exists, or be made available, with incremental capital expenditure if required.

The Minerva Gas Plant is going to be a core component of our Otway Basin hub and we expect to begin production from the plant by mid-2021

An additional benefit the Minerva Gas Plant provides is the opportunity to develop and grow our gas processing capability. In particular, this includes the plant operations staff and systems and processes required. This will become increasingly important as we develop new gas fields consistent with our strategy.

The second event was the Annie gas discovery.

Slide: Annie gas discovery

Work to quantify and fully understand the discovery is ongoing and we expect to announce a Contingent Resource estimate in early 2020. With a favourable assessment and development planning analysis, we could be able to proceed to a Final Investment Decision on Annie before the end of the current financial year. On this basis, production commencement is possible in 2022.

Annie has affirmed our view of the prospectivity of our offshore Otway Basin acreage for further gas discoveries. The well added to the high success rates recorded in offshore Otway Basin exploration, where the presence of amplitude anomalies in seismic data indicates a high likelihood that gas is present. This provides great confidence in our ability to discover more gas in future exploration prospects such as Elanora, (the well deferred in September for operational considerations).

The third event we see as favourable for our Otway Basin hub was the award of new acreage: VIC /P76.

Slide: VIC/P76

As you can see from the map, this permit contains a small part of the Annie gas discovery and is well located in relation to the Minerva Gas Plant and the Casino Henry Pipeline which traverses VIC/P76.

It also contains a drill-ready prospect called Nestor, which our subsurface team rate highly as an 'Annie look-alike'. Nestor is the likely target of the single commitment well for the permit. After the success at Annie, we are keen to schedule Nestor for inclusion in the next drilling campaign.

Slide: Casino Henry

Production in the offshore Otway is currently derived completely from the Casino, Henry and Netherby fields we operate on behalf of a 50:50 joint venture with Mitsui E & P Australia.

Production from Casino began in 2006, and from Henry and Netherby in 2010. Notwithstanding this maturity, there is still potential for further value-accretive development.

An estimated approximately 86 petajoules of gross1 undeveloped 2P gas reserves can be accessed through a new production well at Henry and connection of the existing fields to the Minerva Gas Plant.

The proposed new well, Henry-3, provides a gross incremental volume of 48 PJ to the operation's developed 2P reserves. It's in our planning for the next drilling campaign. Henry-3 could be drilled and connected to deliver increased production in the 2022 calendar year.

I highlighted the significance of the Minerva Gas Plant acquisition and connection earlier. The plant is at the core of our plans for value addition to the Casino Henry operations through the productivity and cost benefits it is expected to deliver.

Access to the plant will also enable a change in our Otway gas marketing approach. We will be able to offer gas supply from the Otway Basin on a firm basis, which attracts a premium over interruptible supply and expect to contract for longer periods than the 12-month terms currently agreed.

So, the immediate future for our offshore Otway Basin operations is looking busy and bright. Apart from upside expected from the Minerva Gas Plant connection and Henry-3, we have the potential development

[1] 100% joint venture at 30 June 2019; Cooper Energy share is 50%

of the Annie gas field and the upside from exploration of a proven gas province where success rates are high.

Slide: Onshore Otway gas exploration

Longer term shareholders may recall the first corporate action taken in our gas strategy was the merger with Somerton Energy in 2012. Our interest in Somerton was its exploration permits in the onshore Otway Basin, a region we identified as a logical starting point for our strategy: a proven gas province with existing infrastructure in place and inexpensive development costs.

In this context, the discovery of the Dombey gas field last month was particularly pleasing. Further work, including a production test, will be required to establish field size, commerciality and the work plan.

Notwithstanding this, Dombey is a very encouraging result: a conventional reservoir with good properties located to the north-west of previous discoveries. It has extended the area of interest within the Penola Trough and has us considering the south-eastern flank of the trough which extends to the border and into our Victorian acreage PEP 171. Drilling in Victoria is currently suspended pursuant to a moratorium that expires in 8 months' time.

Ideally, we would like better quality seismic data than the two-dimensional seismic currently available. Having said that, the results at Dombey have upgraded additional exploration prospects which now appear very encouraging.

Pending the production test results at Dombey, it is conceivable the field could be on production in about 2 years. Understanding the implications of this discovery on future exploration prospectivity and realising the full potential of the onshore Otway Basin is likely a more gradual process.

But so far, exploration results are very positive and the development economics appealing.

Slide: Cooper Basin

Outside of our gas strategy, but still important to Cooper Energy, are our oil production operations in the Cooper Basin. While their share of our total production will diminish this financial year with the onset of Sole, they continue to be a strong generator of cash for the company and, we believe, possess potential for significant value uplift through reserve additions and higher production.

Annual production of over 230,000 barrels of oil at a direct operating cost of under AUD$40 per barrel is a valuable asset for the company.

The current financial year will see the largest drilling program ever undertaken by the PEL 92 joint venture, with up to 19 wells planned for the year.

The success of the Parsons campaign gave the program a good start. Drilling has just resumed at Callawonga, with appraisal wells at Butlers and Rincon to follow. In addition, 3 exploration wells may also be drilled in 2020.

Given historical success rates, and the results already achieved at Parsons, we expect the 2019 program will deliver increased reserves and production.

Slide: 6 to 24 month look ahead

Put all these plans and opportunities together and you can see the coming 6 to 24 months will be busy for our team and interesting for our shareholders.

In the coming 8 months to June 2020 we expect to have:

- commenced gas supply from Sole, and begun to explore the upside for production from de-bottlenecking;
- conducted a production test of the Dombey gas field and, pending results, commenced planning of appraisal or development;
- completed the acquisition of the Minerva Gas Plant and taken FID on the project to connect the plant to the Casino, Henry and Netherby fields;
- completed the Cooper Basin field appraisal and exploration program with at least 16 more wells anticipated prior to 30 June;
- announced a Contingent Resource assessment for the Annie gas field and the Dombey gas field;
- negotiated sales agreements for Casino Henry gas supply from 1 January 2021; and
- considered FID on the Henry-3 development well.

Looking further out to 12 to 20 months' time to mid-calendar 2021, we expect our work program could include:

- FID on a development of Annie;
- securing the key regulatory approvals and order of long lead items for any pending offshore Otway development (subject to contingent resource assessment and favourable development decisions);
- identification of prospects for exploration drilling in our offshore Otway and Gippsland permits in the forthcoming drilling campaign;
- Manta-3 appraisal well engineering and procurement;
- development and/or appraisal of Dombey;
- further appraisal and development drilling on our producing Cooper Basin fields; and
- completion of the Minerva Gas Plant upgrades and connection with the plant ready for first gas.

As an aside, the plant will have a new name by then; which will have been selected from the suggestions of local Otway high school students from a competition currently in progress.

This is clearly an extensive work program covering a range of activities. The activities have varying maturity and certainty, from those already in train, such as the Minerva acquisition, to others which are subject to resource assessment and development decisions.

We are in the fortunate position where the question we are faced with is not "where will our growth come from?" Rather our challenge is the question "which of our growth options offer the best value for shareholders?"

Slide: Portfolio optimisation for shareholder value

For this reason, a key piece of work for the company in the coming months is a portfolio optimisation analysis to identify exactly which options will deliver the best outcomes.

While the strong cash flows anticipated from Sole enable the company to consider its growth options with confidence, we are determined capital is allocated to the projects, sequencing and timing offering the best returns in terms of value per share.

We expect the portfolio optimisation review currently underway will be a key input to decisions on the wells and activities to be included in the next drilling program and, more generally, to the sequencing and timing of our project development over the coming 5 years.

The optimisation analysis will also take account of the finance facilities available to the company. In this respect I want to acknowledge the support and encouragement we have received from our bankers. We look forward to continuing to work with them to deliver the best financing option for our shareholders.

There is a great sense of anticipation in the management team and we look forward to translating the potential of the current position into value for shareholders.

Before closing I want to again acknowledge the Cooper Energy team. This includes the Chairman and the Board, Cooper Energy management and staff, contractors and numerous other companies and groups that work with us. The guidance, support and contributions of all have been a whole of team effort. Thank you all on a great job, done well.