Quarterly Report June 2016

20 July 2016

Key features Q4 FY16

- **Production:** 105 kbbl in the 3 months to 30 June compared with previous quarter of 113 kbbl. Full year production of 465 kbbl, in line with guidance of 450 kbbl to 500 kbbl.
- **Revenue of $6.6 million:** up from $6.1 million in previous quarter due to higher oil price. Average oil price of A$65.64/bbl vs A$55.64/bbl in March quarter.
- **Low operating costs being further reduced**: direct operating costs of A$27.53/bbl down from A$28.59/bbl in the previous quarter. Year to date operating cost of A$29.53/bbl reduced 20% on pcp and full year G & A cash costs down 11% from previous year.
- **Safety**: completed 12 months with zero recordable incidents and lost time injuries.
- **Strong cash position**: Cash and investments increased 93% over the quarter from $27.1 million to $50.8 million.
- **Sole Gas Project on plan:** Front End Engineering and Design (FEED) approaching completion (93% complete at 30 June); gas market dynamics affirming the development case and finance plan ready for implementation.
- **Portfolio concentrating on Australia**: sale of Indonesian exploration assets completed and sale of Indonesia production assets announced.
- **Guidance**: FY17 production expected to range between 240 kbbl to 280 kbbl, all sourced from the Cooper Basin following planned exit from Indonesia in July 2016.

Managing Director's comments

"The 2016 financial year has closed on a positive note. Oil prices are stronger and we are preparing to resume Cooper Basin drilling after a 12 month hiatus which has impacted production. Our gas projects are advancing to plan: Sole FEED is now 93% complete; additional gas resource potential has been identified at Manta; and the case for Sole development has been highlighted by the increasing gas price and volatility.

"We are taking a deliberate approach with the objective of ensuring our shareholders retain maximum exposure to the rising value of our gas whilst being prudent with the Sole project finance plan.

“Completion and Assurance of Sole FEED is a key input for the data room activity and the implementation of our Sole project financing plan.

“We are set for an exciting quarter as the technical, commercial, engineering and funding work we have done coalesces into a defined proposal for what will be a company-changing final investment decision planned for October.”

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

Financial

Overview

Fourth quarter results benefited from higher oil prices with the average price received being the strongest for the year to date and 18% up on the previous quarter. Production and sales volumes were lower, essentially due to natural decline in output from the Cooper Basin where drilling had been suspended for the year to preserve cash in the low price environment.

Cash position is the strongest for approximately three years with a closing balance of $50 million at year-end following a successful capital raising and the proceeds from the sale of the Indonesian exploration assets.

June quarter

Sales revenue for the 3 months to 30 June 2016 was $6.6 million compared to $6.1 million in the March quarter and $9.4 million in the previous corresponding period. Sales revenue for the June and March quarters 2016 includes hedge gains of $0.5 million and $1.2 million respectively. There were no hedge gains in the previous year.

The increase in revenue compared with the March quarter is attributable to higher average oil prices. The average oil price for the June quarter was A$65.64 per barrel, 18% higher than the previous quarter's comparative of A$55.64/bbl. Average oil prices exclusive of hedge gains were A$60.53bbl for the June quarter and A$44.76/bbl for the March quarter.

Direct production costs, including transport and royalties, of A$27.53/bbl were 4% lower than the previous quarter's comparative of A$28.59/bbl and 19% lower than the pcp (A$34.04/bbl).

Production for the June quarter was 104.6 kbbl compared with 113.0 kbbl in the March quarter and 118.8 kbbl barrels in the 2015 June quarter.

Year to date

Total sales revenue for FY16 was $27.4 million (inclusive of hedging gains of $2.5 million) compared with $39.1 million in the previous corresponding period. The 30% reduction in revenue is largely attributable to lower prices with the average oil price received for FY16 of A$60.80/bbl being 29% lower than the previous year's comparative of A$85.48/bbl. Sales volume was 451.1 kbbl of oil compared with 457.2 kbbl in the preceding year.

Direct operating costs for the year to 30 June of A$29.53/bbl were 20% lower than the previous year's comparative of A$36.83/bbl. The reduction in operating costs is mainly due to increased production in Indonesia and lower royalties on Cooper Basin output.

General and Administration (G & A) cash expenditure for the year was $9.7 million, 11% lower than the previous year's figure of $10.8 million notwithstanding the added expenditure associated with developing the gas projects and managing divestments.

Capital expenditure

Capital expenditure for the March quarter was $8.2 million, down from $8.4 million in the March quarter. The capital expenditure is chiefly attributable to the Sole Gas Project Front End Engineering and Design (FEED).

FY16 full year capital expenditure of $31.6 million is 15% higher than the 2015 comparative of $27.4 million and within the February 2016 guidance of $30 million - $32 million. The increase is attributable to the Gippsland Basin gas projects, principally Sole, which were the subject of capital expenditure totalling $22.3 million in the year to June ($7.7 million in FY15). Capital expenditure in the Cooper Basin and Indonesia was lower than the previous year. In the Cooper Basin, no drilling was conducted as cash was conserved in the low oil price environment. Drilling in the company's Cooper Basin acreage is forecast to resume in August 2016.

In Indonesia the development and workover program initiated in the previous year was ongoing. As reported under the heading Corporate on the following page, the company expects to complete withdrawal from Indonesia in July 2016.

Cash

Cash and investments at 30 June totalled $50.8 million compared to the quarter's opening balance of $27.1 million. Cash accounted for $49.8 million of the 30 June balance. The increase in cash is attributable to the capital raising initiatives and asset divestment during the period which are discussed below.

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. The total year to date hedging gain is $2.5 million. There were no hedging gains in FY15.

Hedging in place at 30 June is summarised in the table below.

The effect of the hedge arrangements in place is that approximately 60% of the company's FY17 production is hedged at an average floor price of A$55.98/bbl.

Hedge arrangements (bbls remaining as at 30 June 2016):	**H1 FY17**	**H2 FY17**	**H1 FY18**	**Total**
A$57.00 – A$69.70: zero cost collar options	60,000	30,000	-	90,000
A$54.45 floor + 50% above floor: zero cost participating swap	30,000	30,000	30,000	90,000
Total	90,000	60,000	30,000	180,000

Corporate

Capital raising

The company raised capital of $22.3 million through completion of an institutional placement and share purchase plan (SPP) during the period. The funds raised have strengthened cash reserves, thereby enhancing the company's financial flexibility for the implementation of its eastern Australia gas strategy, in particular supporting funding of its share in the Sole Gas Project.

An oversubscribed placement to sophisticated and institutional investors on 11 May raised $18.4 million through the issue of 83.45 million shares at a price of $0.22 per share. The placement received strong support from existing institutional investors and resulted in the addition of a number of new institutions to the register. A subsequent SPP raised $3.9 million from existing shareholders through the issue of 17.8 million shares at a price of $0.22 per share.

Sale of Indonesian assets

The company completed the sale of Indonesian exploration assets announced on 10 February 2016 and announced agreement for the sale of its 55% interest in the Tangai-Sukananti KSO production assets. The latter transaction, which is due to finalise on 29 July, completes Cooper Energy's withdrawal from Indonesia.

The company received net proceeds of A$12.5 million from the sale of the exploration assets. The sale of the Tangai-Sukananti KSO interest is expected to realise US$4.3 million (A$5.9 million), of which US$3.7 million (inclusive of a deposit of US$0.26 million already paid) is expected by 29 July with the balance to be received by deferred payments and as receivables fall due.

Quarterly and Year to Date Summary

Description	Units	Quarter Ending 30 June 2016 [1]	Quarter Ending 31 Mar 2016 [2]	Change	Year to Date 30 June 2016 [1]	Year to Date 30 June 2015	Change
Production and Sales							
Oil produced	kbbl	**104.6**	113.0	-7%	**464.8**	474.8	-2%
Oil sold / delivered for sale	kbbl	**100.6**	109.6	-8%	**451.1**	457.2	-1%
Sales revenue[3]	$ million	**6.6**	6.1	8%	**27.4**	39.1	-30%
Average oil price[3]	A$/bbl	**65.64**	55.64	18%	**60.80**	85.48	-29%
Direct operating cost[4]	A$/bbl	**27.53**	28.59	-4%	**29.53**	36.83	-20%
Capital Expenditure							
Exploration and Appraisal	$ million	**8.2**	8.4	-2%	**28.1**	17.7	59%
Development and Fixed Assets	$ million	**-**	-	0%	**3.5**	9.7	-64%
Total Capital Expenditure	$ million	**8.2**	8.4	-2%	**31.6**	27.4	15%
Financial Assets							
Cash and term deposits	$ million	**49.8**	25.8	93%	**49.8**	39.4	26%
Investments[5]	$ million	**1.0**	1.3	-23%	**1.0**	1.9	-47%
Total Financial Assets	$ million	**50.8**	27.1	87%	**50.8**	41.3	23%
Capital							
Issued shares	million	**435.2**	333.7	30%	**435.2**	331.9	31%
Performance Rights	million	**19.1**	20.5	-7%	**19.1**	17.3	10%
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) Includes realised hedge gains of $0.5 million for the June quarter and $2.5 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

Production and activity levels reflect the impact of lower oil prices on Cooper Basin exploration and development activities in the field. Geotechnical and engineering analysis has continued throughout the year and the exploration and development opportunities identified will be addressed in the resumption of development and exploration drilling planned for FY17.

Concentration of operations in Australia is nearing completion with progress during the quarter including the sale of Indonesian exploration assets, the contracting for sale of the Indonesian production assets in Indonesia and the progression of withdrawal plans from Tunisia.

Gippsland Basin gas projects were advanced with Sole gas field FEED progressing on plan towards completion in July 2016 and the identification of additional potential below the Manta and Chimaera fields culminating in a prospective resource upgrade.

Australia

Production: Cooper Basin

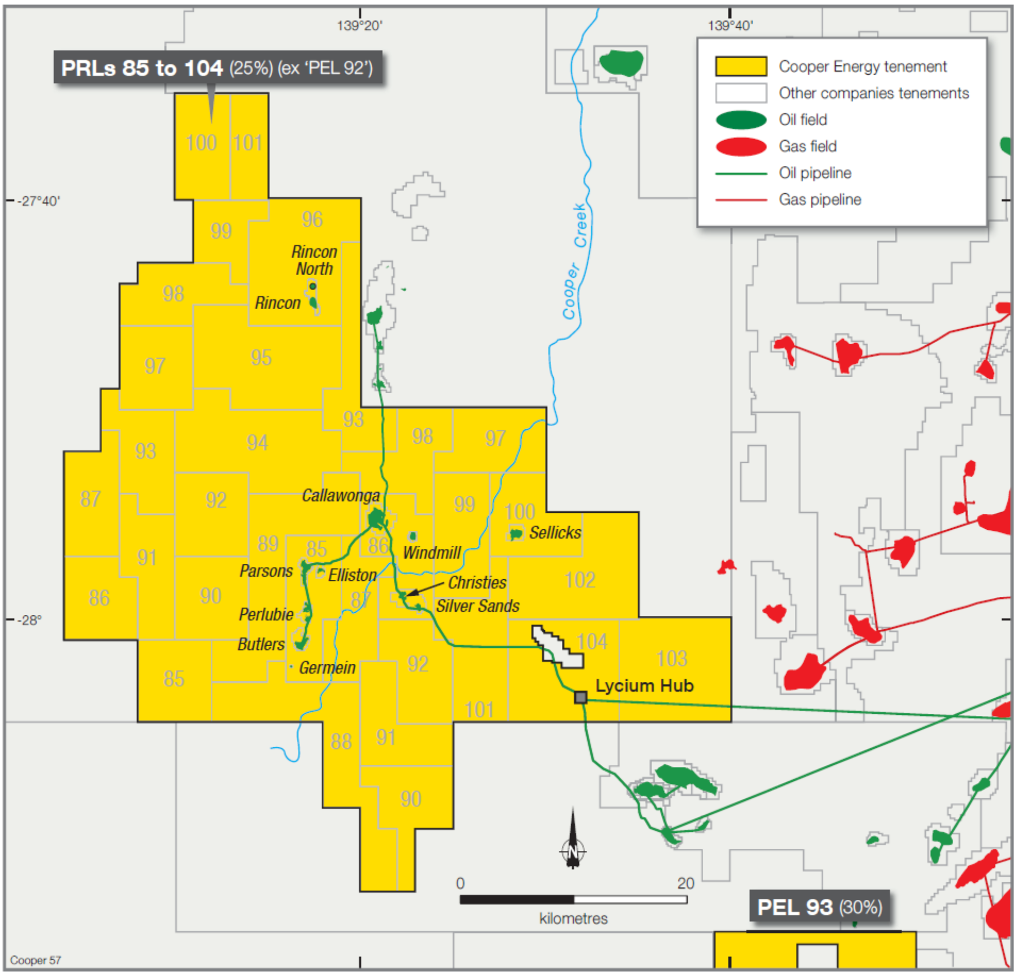
The Company's share of oil production from its Cooper Basin tenements for the June quarter was 68 kbbl (average 743 bopd) compared with 75 kbbl (average 825 bopd) in the preceding quarter and 91 kbbl (average 1,000 bopd) in the previous corresponding period. The movement reflects natural decline following the curtailment of capital expenditure and reduced drilling activity.

Production from the PEL 92 Joint Venture (PRL's 85-104) accounted for 96% of this production. Cooper Energy's share of PEL 92 June quarter production was 63 kbbl (average 697 bopd), down from 72 kbbl in the previous quarter and compared to 83 kbbl in the previous corresponding period.

Cooper Basin: Exploration and Development

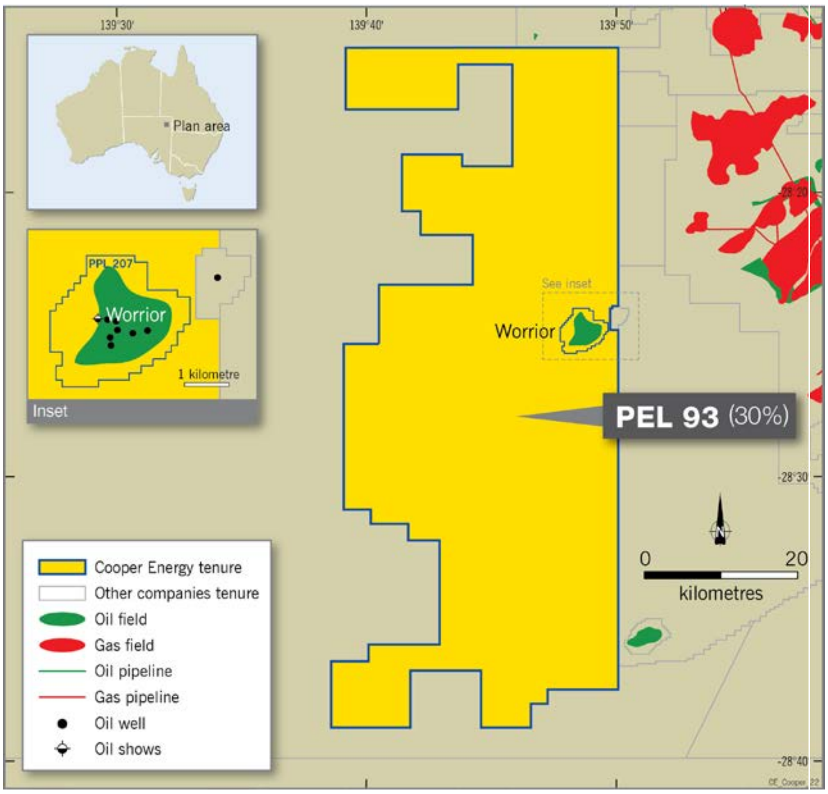
No drilling was conducted in the company's Cooper Basin permits during the June quarter.

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. Up to two exploration wells may be drilled during FY17.



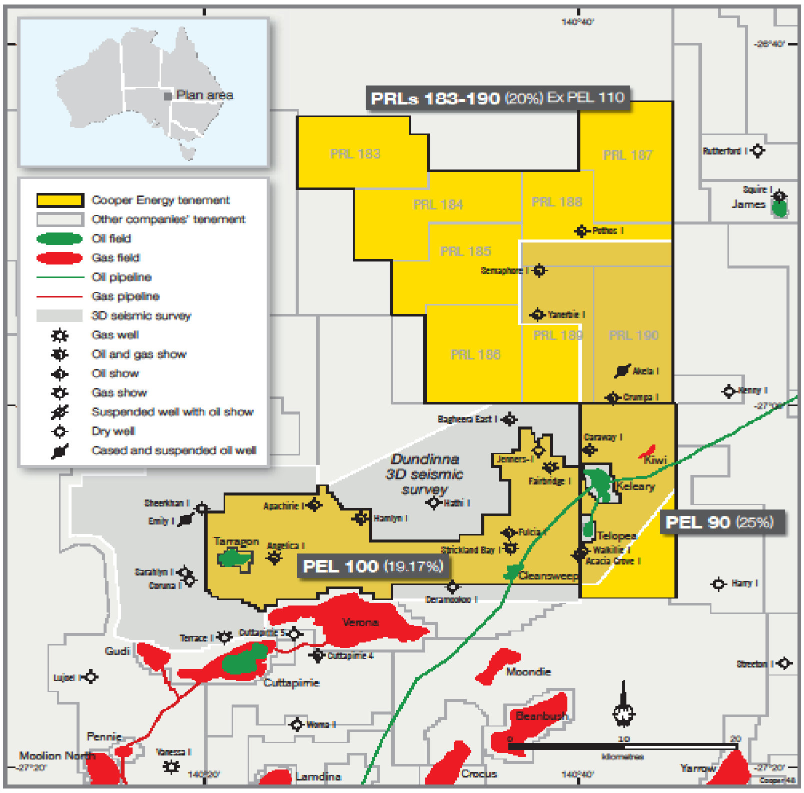
In addition to exploration studies, detailed reservoir modelling of the Callawonga and Parsons fields was completed by the PEL 92 Joint Venture (COE interest 25%). A development and appraisal opportunity has been identified in the Callawonga field and it is planned to commence drilling in the September quarter.

In PPL 207, (COE interest 30%), the Operator continues to execute cost saving measures to lower the Worrior field operating costs and extend the field production life. Detailed reservoir modelling of the field is ongoing to consider future infill drilling opportunities.



In PELs 90K, 100 and 110 (COE interest 25%, 19.17% and 20%, respectively) the interpretation of the Dundinna 3D seismic survey inversion data to define new prospectivity is ongoing.

The Operator is also conducting a full review of the petroleum systems model and this will form the basis of future risking and ranking of prospects for any future drilling.



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 65% interest and Operatorship of VIC/RL13, VIC/RL14 and VIC/RL15 which contain the Manta gas and liquids resource. As reported to the ASX on 15 April 2016, this interest will increase to 100% following the decision by Beach Energy to withdraw from the permit effective from October, 2016.

  Manta is assessed to contain gross Contingent Resources (2C)[1] of 106 PJ of sales gas and 3.2 million barrels of oil and condensate (COE share 69 PJ and 2.08 million barrels) with additional exploration potential as discussed below under the heading "Manta". The field is the subject of an appraisal plan. An economic opportunity has been identified for sale of gas from the field to the eastern Australia gas market via the Orbost Gas Plant; and
- a 50% interest in the Orbost gas plant, located onshore Victoria.

Commercialisation of Gippsland Basin gas fields

The company is pursuing commercialisation of its Gippsland Basin gas resources with a view to a Board recommendation on the final investment decision (FID) on the development of the Sole gas field in September 2016. On this basis, the Sole development would commence supply in the March quarter of 2019.

Commercialisation of the Gippsland Basin gas resources is being executed through 4 principal workstreams.

1) Contracted gas sales

Cooper Energy has currently contracted 7.6 PJ pa of its 12.5 PJ pa share of Sole production. The company had advised of its intention to contract up to 10 PJ pa prior to FID to support project financing. The balance of 2.5 PJ pa (so-called Opportunity Gas) was to be reserved for opportunistic sales where higher prices were available, such as into the short term and spot market.

A review of the current and anticipated gas market has prompted a review of Cooper Energy's marketing strategy. Market analysis by Cooper Energy and specialist gas forecasters, including EnergyQuest and AEMO, has reinforced the expectation of a shortfall between forecast gas demand and forecast available supply in south east Australia from 2018. The company expects supply in the south eastern gas market to be tight in the lead up to this period as demand from Queensland increases, flows from existing suppliers in South Australia and Victoria declines and gas buyers move to secure supply.

Given this outlook, the company intends to ensure that further contracting of its Sole gas is optimised to improve exposure to the superior pricing environment anticipated. This may leave Cooper Energy with an Opportunity Gas quantum at FID larger than previously planned and increased flexibility to pursue the most value accretive contracting strategy whilst optimising financing and managing project risk.

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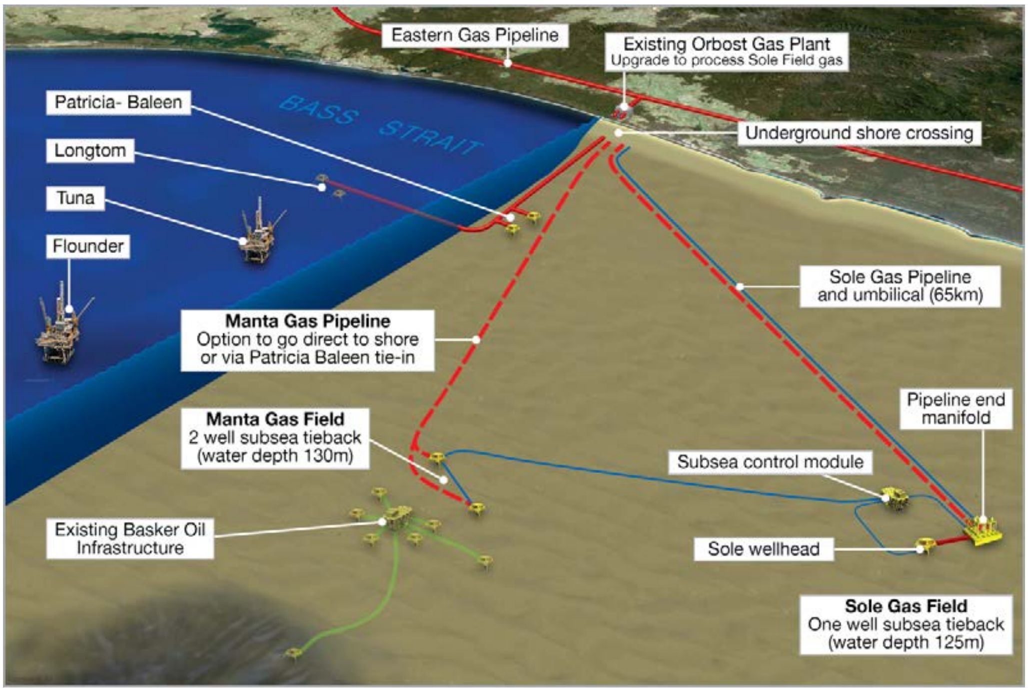
[1] Contingent Resources assessed for the Sole and Manta fields were announced to the ASX on 26 November and 16 July 2015, respectively. Cooper Energy is not aware of any new information or data that materially affects the information provided in those releases and all material assumptions and technical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

2) Technical

a. Sole Project plant and facilities

The project involves field development, subsea tie-back and upgrades to the Orbost Gas Plant. Front End Engineering and Design (FEED) of the Sole gas project was 93% complete at 30 June. It is expected that FEED inclusive of firm costing will be completed in July 2016 after which Assurance will be conducted and the FEED finalised.

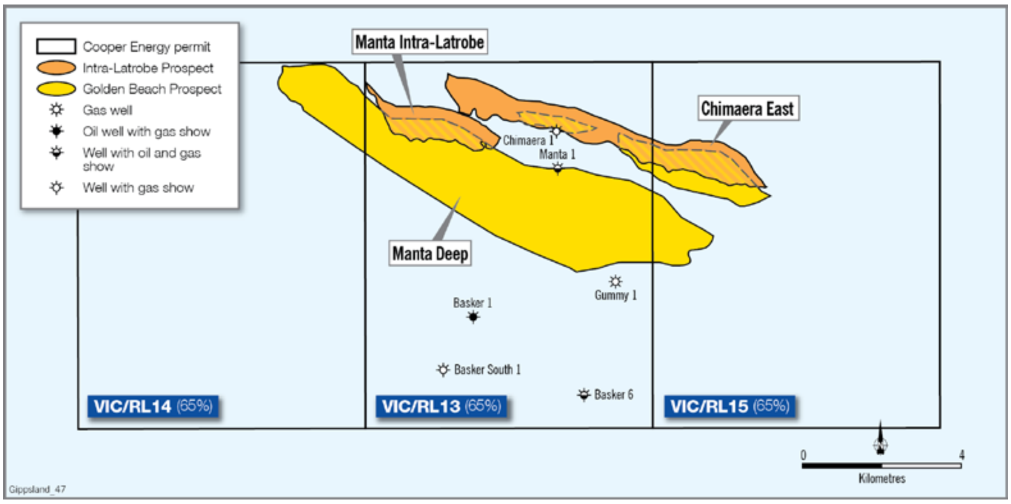
Figure 1: Indicative development concept for Gippsland Basin gas projects



b. Manta

Review of the Manta Deep and Chimaera East prospects in VIC/RL13, VIC/RL14 and VIC/RL15 (formerly VIC/L 26, 27 and 28) in the offshore Gippsland Basin has led to a reassessment of Best Estimate Net Prospective Resource in the two prospects to be 97.5 MMboe consisting of 491 PJ gas and 13.1 MMbbls oil and gas liquid (Cooper Energy net 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 is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Figure 2: VIC/RL13, VIC/RL14 and VIC/RL15 Manta and Chimaera East prospects location map

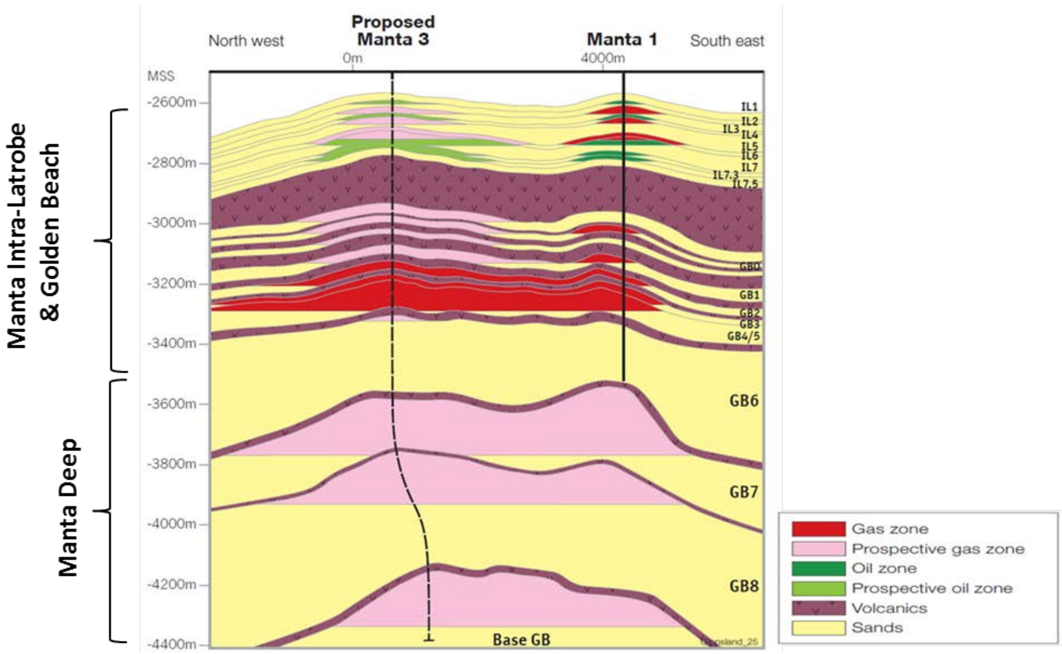


The assessment is based on new interpretation of reprocessed 3D seismic which has highlighted additional prospectivity in untested Intra-Latrobe and Golden Beach Subgroup reservoirs (refer accompanying figures 2 & 3). The prospects are located in the same structures as existing proven gas and oil fields at target levels both shallower and deeper than has been tested by the existing well bores.

The Manta Deep prospect is located below the Manta gas and oil field and can be evaluated by deepening the proposed Manta-3 appraisal well by an additional 1,000 metres. Additional prospective potential is estimated in untested Intra-Latrobe reservoirs in a structure located 3 km northwest of the Manta-1 discovery well above the proven reservoir section. The well could be drilled in 2018 in a proposed drilling campaign that includes the drilling of the Sole gas field development well.

The Prospective Resource assessment is in addition to the gross Contingent Resource (2C) of 106 PJ and 2.6 MMbbls gas condensate estimated for the Manta gas field (COE net share 69 PJ and 1.7 MMbbls). The Manta field is the subject of a Business Case prepared by Cooper Energy which identified a sound business opportunity for development of the field to supply gas to eastern Australian gas users utilising the existing Orbost Gas Plant.

Figure 3: Schematic cross section showing Contingent and Prospective Resource zones in Manta field Intra-Latrobe and Golden Beach Prospective Resource targets



3) Commercial structures

As reported previously, the company has maintained a data room on its Sole and Manta gas projects and the Orbost Gas Plant to facilitate the involvement of other parties and optimise project funding and alignment of commercial interests across the assets. The data room has attracted interest from a range of domestic and international parties.

Whilst the data room has remained ‘open’ with parties engaged, activity has been limited until the defined firmly costed development plans are provided by the FEED process. The finalisation of FEED during the current quarter will provide the basis for data room activity levels to escalate.

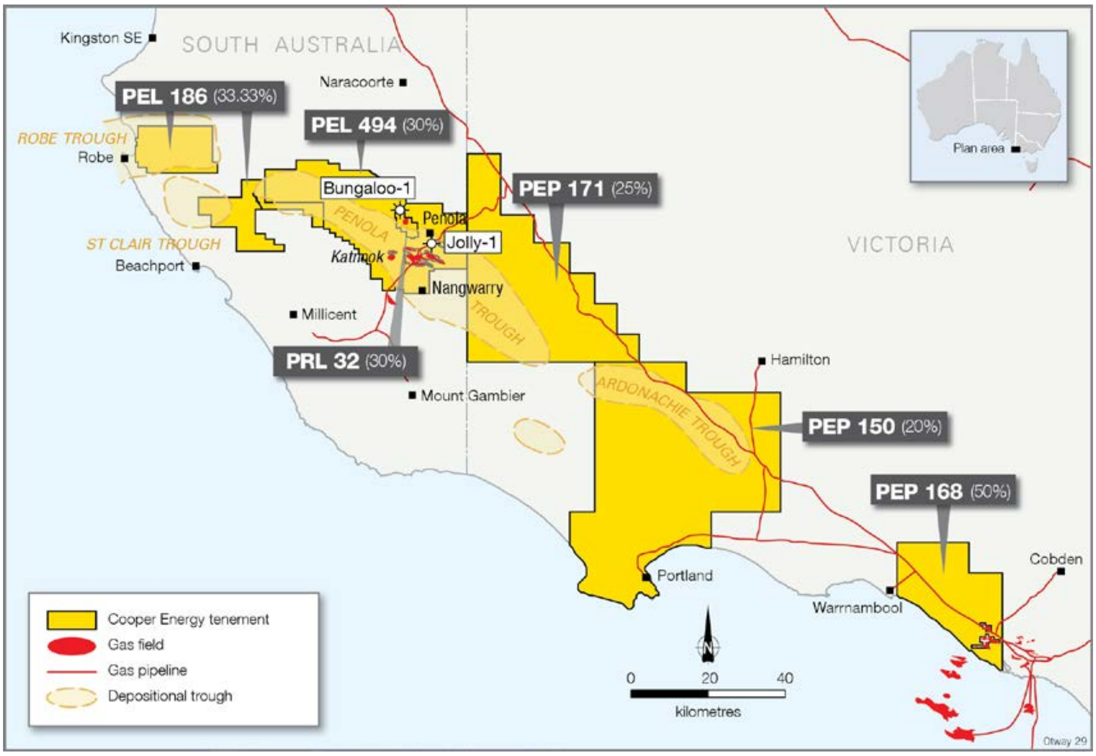
4) Finance

The company has completed a strategy and plan for the funding of its share of expenditure required for development of Sole, and other anticipated capital expenditure requirements. Completion of the FEED will provide the required inputs and information for execution of the funding strategy prior to FID.

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 planning to initiate reprocessing the Balnaves and St George 3D seismic surveys in the Penola Trough in the September quarter.

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



Indonesia

Divestment

As advised previously, 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.

During the quarter the divestment of Indonesian exploration assets was completed and contracts signed for the sale of the outstanding Indonesian assets, the Tangai-Sukananti KSO, effective from 29 July 2016.

Production

Cooper Energy's share of oil production from the Tangai-Sukananti KSO (COE interest 55%) during the March quarter was 37.0 kbbl (410 bopd); lower than the preceding quarter's production of 38.0 kbbl (421 bopd).

Tunisia

As previously announced, Cooper Energy is divesting its Tunisia portfolio. The company is proceeding with its exit strategy and expects to complete a full withdrawal by year-end. As detailed below, of the three Tunisian joint ventures Cooper Energy was involved with, one has largely completed its work program, one joint venture has not sought renewal and Cooper Energy has formally withdrawn from the third joint venture:

1) in the Bargou joint venture (COE interest 30%) the abandonment of the Hammamet West 3 well is the only remaining work obligation under the agreed work program for the current permit term. It is anticipated that this work will be completed in the September quarter. Cooper Energy has the option to exit in the September quarter.

2) the Nabeul joint venture (COE interest 85%) settled the terms of an exit from this permit with the Tunisian government and it is anticipated that this will be completed in the September quarter.

3) Cooper Energy has withdrawn from the Hammamet Permit joint venture (COE interest was 35%) in accordance with the terms of the joint operating agreement. As reported to the ASX, the company was 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 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. The company intends to defend the claim vigorously.

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
- FY17: financial year ending 30 June 2015
- H1: six months to 31 December
- H2: six months to 30 June3
- 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

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

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 25 May 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 25 May 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.

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.