Cooper Energy

ASX Announcement / Media Release

23 February 2013

Cooper Energy 2013 First Half Financial Results

Financial Results: Solid and in-line with activities

- Sales revenue of $23.4 million, marginally down from $25.8 million in pcp*
- Total Profit Attributable to Members of $4.6 million up from $(4.1) million in pcp*
- Profit from Continuing Operations of $4.9 million, down from $8.3 million in pcp*
- Cash and Investments increased to $77.9 million from $74.7 million at 30 June 2012

* Previous corresponding period

Production and Exploration: Good results and momentum

- Production of 213 kbbls oil down from 225 kbbls as Lycium to Moomba pipeline start-up in mid-December 2012 deferred some production
- Second half production is expected to be at least 35% higher than first half with full year expectation being 500 kbbl to 550 kbbl
- PEL 92 drilling program yields 4 successes from 5 wells
- Reserve additions from drilling program to date expected to exceed first half production
- Drilling activity increasing significantly with 8 wells in next 6 months

Strategy and Development: Business foundation strengthened and strategy implementation going to plan

- Australia focus and growth
- Head office relocated to Adelaide
- Poland: exited 4 licences and divesting remaining 2 licences
- Cash and investment position provides strong capital foundation for strategy execution

ASX Code: COE
Capital Structure
Shares on issue: 329 034 654

Board of Directors
Laurie Shervington – Chairman
David Maxwell – Managing Director
Jeffrey Schneider – Non Executive Director
Hector Gordon- Executive Director
Ian Gregory – Company Secretary

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Solid performance sets up second half for Cooper Energy

Cooper Energy Limited (ASX: **COE**, "Cooper Energy") has released its results for the 2013 first half and highlighted a ramp-up in both production and exploration activity in the six months to June 2013.

Cooper Energy recorded a profit from continuing operations of $4.9 million for the six months to December 2012, down from $8.3 million reported for the previous first half. Lower production volumes and oil prices and reduced interest income were significant factors in the movement.

Managing Director David Maxwell said the first half performance had "Cooper Energy well set for the business end of our year".

"Our production and drilling programs are heavily back-ended to the six months to June and the momentum has been building. The current oil production forecasts indicate that oil production for the six months to June will exceed our first half total output by 35% or more. Drilling activity has already picked up with wells underway or imminent in the Otway Basin, Cooper Basin and Tunisia" he said.

Mr Maxwell said that, with the exception of slightly lower production due to timing issues, all other elements of the Company's first half objectives have been met.

"Our Cooper Basin drilling program had an 80% success rate and preliminary estimates suggest it has more than replaced production for the first half. We have completed the relocation of our head office to Adelaide and made the key staff appointments to the management team.

"The result of the first half is that Cooper Energy has an even stronger foundation for the execution of our strategy. Total cash plus investments are higher and the success of our drilling program has added new reserves. Production has increased substantially since December 2012 and we are now looking forward to the significantly increased activity levels we have planned for the six months to June" he said.

Further comment and information:

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Managing Director
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Discussion of Results

Financial and production

Key Half-Year Financial Results		31 Dec 2012	31 Dec 2011	Change
Oil produced & sold	kbbl	213	225	-5%
Average A$ oil price	A$/bbl	110	115	-4%
Sales revenue	$'000	23,368	25,803	-2,435
Other revenue	$'000	1,486	2,761	-1,275
Profit after income tax from continuing operations	**$'000**	**4,890**	**8,329**	**-3,439**
Total profit attributable to members	**$'000**	**4,561**	**(4,103)**	**8,664**
as at:		31 Dec 2012	30 June 2012	Change
Cash and term deposits	$'000	47,571	61,461	-13,890
Investments available for sale	$'000	30,337	13,203	17,134

Sales revenue and production

Sales revenue of $23.4 million compares to $25.8 million for the 2012 first half, with the movement being attributable to oil prices and the lower production levels reported for the September quarter.

Completion of the Lycium to Moomba pipeline in December 2012 enabled increased PEL 92 (Cooper Basin) production rates, although the ramp-up has been affected by the pipeline commencement being marginally later than originally anticipated. Production is forecast to increase further as 5 new production wells are forecast to be connected in the coming months.

Profit

Profit After Tax From Continuing operations for the period was $4.9 million compared with $8.3 million in the pcp. The $(3.4) million movement is due to:

- lower sales revenue, $(2.4) million, from lower production and lower average oil price;
- lower other revenue, $(1.3) million, mainly interest income from lower cash balances and interest rates;
- higher production expenses, $(0.6) million, mainly due to trucking costs prior to pipeline completion;
- unrealised translation loss on foreign currency assets $(0.5) million;
- higher administration and other expenses $(0.9) million, due to costs from the interstate relocation of the Cooper Energy head office and the costs of integration with Somerton Energy;
- higher PRRT expense $(1.9) million; partially offset by the following
- lower exploration and evaluation expenditure written off $0.7 million, and
- lower income tax expense $3.5 million, from lower taxable income and booking a deferred tax asset of $1.9 million relating to capital losses brought to account to offset deferred tax liability arising on unrealised gains on investments available for sale.

Profit Attributable to Members for the period was $4.6 million compared with the Loss Attributable to members of $(4.1) million for the 2012 first half. The movement is explained by a $12.1 million difference in the impairment of exploration assets held for sale after tax.

Financial assets

Financial assets in the form of cash, term deposits and investments available for sale were increased to $77.9 million from $74.7 million as at 30 June 2012.

Cooper Energy has, as foreshadowed, applied cash to strategic investments to advance its corporate strategy of building its future around the Cooper Basin and Eastern Australia energy markets. Consequently, investments at 31 December were $30.3 million compared with $13.2 million at 30 June 2012. These assets include a 19.9% interest in Bass Strait Oil Company (ASX: BAS) acquired in August 2012.

The 2013 first half financial statements include an unrealised fair value adjustment for these investments of $8.0 million before tax. The fair value adjustment and income tax effect has been included in the Statement of Comprehensive Income but is not included in Net Profit from Continuing Operations or Profit Attributable to Members.

Cooper Energy will continue to closely monitor and appraise these investments in the context of the Company's strategy and shareholder value.

Exploration and development

Cooper Energy participated in 5 wells during the period, 4 of which were successful. The wells, which were all located within PEL 92 of the Cooper Basin, resulted in one new field discovery (Windmill) and highly successful appraisal/development of the Butlers and Christies fields. Preliminary estimates of reserve additions arising from these wells indicate that the first half program is expected to more than replace production for the period.

Consistent with the strategy, Cooper Energy withdrew from Polish exploration licences 433, 434, 435, and 436 and is in the process of divesting licences 414 and 415.

Corporate strategy and positioning

Cooper Energy is continuing to execute its strategy of focussing on the Cooper Basin and the Eastern Australia energy market in its portfolio and capital management.

The Company completed the relocation of its head office to Adelaide, which is closer to joint venture partners and Cooper Energy assets and is in the best interests of the business from both a strategic and cost perspective. Cooper Energy has quickly built a very capable and experienced technical, financial and commercial team in Adelaide.

Outlook

Current oil production rate of approximately 1,450 - 1,500 bbls/day is significantly above the first half average of 1,157 bbls/day.

The latest full year production forecast is likely to be affected by the timing of connecting new Cooper Basin oil production wells and it is anticipated that some production previously forecast for the 2013 financial year could be deferred until subsequent periods. Consequently, the previously issued oil production guidance for the financial year of 550,000 barrels now represents the upper end of the range of expectations for the year of 500,000 to 550,000 barrels.

Exploration activity is forecast to increase significantly in the six months to 30 June 2013 with participation in up to 8 wells and seismic acquisition including:

- Cooper Basin: 6 wells plus acquisition of 753 km^2 of 3D seismic;
- Otway Basin: drilling of Sawpit-2 in PEL 495;
- Tunisia: drilling of Hammamet West-3 under farm out in the Bargou permit, due to commence in late March.

In addition, low to medium risk opportunities to increase production and reserves in Indonesia are being reviewed.

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