



27 February 2017

ASX ANNOUNCEMENT

APA Group (ASX: APA)
(also for release to APT Pipelines Limited (ASX: AQH))

Cooper Energy (ASX: COE)

HEADS OF AGREEMENT FOR APA TO ACQUIRE AND UPGRADE THE ORBOST GAS PROCESSING PLANT

APA Group (ASX:APA) and Cooper Energy Limited (ASX:COE) are pleased to announce the execution of a non-binding Heads of Agreement aligning the two companies in the development of Gippsland Basin gas projects to bring new sources of gas supply to south east Australia.

Under the Heads of Agreement, the two companies have agreed to exclusively negotiate APA's acquisition, upgrade, and operation of the strategically located Orbost Gas Processing Plant in conjunction with Cooper Energy's development of the offshore Sole Gas Field (**Sole Gas Project**) (together, **Transaction**).

The Transaction will streamline the Sole Gas Project by separating funding, development and operating responsibilities for the gas processing infrastructure and upstream elements, whilst also encouraging the utilisation of the Orbost Gas Processing Plant as a hub for other new gas projects such as the Manta Gas Field.

The Transaction basis to be finalised will include the following elements:

- APA will acquire the Orbost Gas Processing Plant from Cooper Energy for an amount reflecting Cooper Energy's expenditure on the Orbost Gas Processing Plant in respect of the Sole Gas Project;
- As owner of the Orbost Gas Processing Plant, APA will fund all capital expenditure associated with the expansion and upgrade of the plant to process natural gas from the Sole Gas Project. Capital expenditure for the upgrade is anticipated to be approximately A\$250 million and will be underwritten by the gas processing contracts to be entered into by the parties;
- Cooper Energy will fund all capital expenditure associated with the offshore development of the Sole Gas Project, including all drilling activities, subsea infrastructure, offshore pipeline and the associated shore crossing. Capital expenditure for the offshore development is anticipated to be approximately A\$355 million;
- APA and Cooper Energy will enter into a Gas Processing Agreement for the processing of gas and delivery of gas by APA to market; and
- A series of associated agreements will facilitate co-operation between the parties during the construction and development of the Orbost Gas Processing Plant and the Sole Gas Project and their ongoing operation. These agreements will allow Cooper Energy to process natural gas from the Manta Gas Field and APA to process third party gas, through the Orbost Gas Processing Plant.

The Heads of Agreement provides for Cooper Energy to work exclusively with APA until the end of April 2017 to finalise and execute binding documentation to implement the Transaction. During this period, Cooper Energy will seek to finalise its funding arrangements for the development of the Sole Gas Field.

Managing Director of APA, Mick McCormack, commented:

"APA has been seeking opportunities to fund and develop new projects in the midstream infrastructure sector. Acquisition and development of the Orbost Gas Processing Plant represents a significant opportunity for APA to expand this aspect of its business.

"Our team has undertaken extensive technical and commercial due diligence on the Transaction over the past few months. We believe that the Sole Gas Project has the potential to be a source of significant new gas supply to the Eastern Australian market. We look forward to working with Cooper Energy to finalise our arrangements so that Cooper Energy can bring this project to commercialisation through APA owned energy infrastructure."

Managing Director of Cooper Energy, David Maxwell, commented:

"We are delighted to join with APA in this Heads of Agreement, which adds further momentum to the Sole Gas Project and its passage to Final Investment Decision. APA is Australia's largest and leading gas infrastructure specialist and brings proven capability in the development and operation of gas industry facilities. Cooper Energy will now concentrate its capital and efforts on our areas of expertise in exploration, upstream development and production and gas marketing.

"With this Heads of Agreement in place, we are now able to proceed with the final phase of securing what we need to finance the Sole Gas Project."



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About APA Group (APA)

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APA is Australia's largest natural gas infrastructure business, owning and/or operating around \$20 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds ownership interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, SEA Gas (Mortlake) Partnership, Energy Infrastructure Investments and GDI Allgas Gas Networks.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, apa.com.au

About Cooper Energy Limited (COE)

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Cooper Energy is an ASX listed exploration and production company which generates revenue from gas supply to south-east Australia and low cost Cooper Basin oil production. The company is an emerging player in the south-east Australian energy sector holding a portfolio of gas supply contracts and one of the most extensive portfolios of gas-focussed acreage and assets, including well located reserves, resources and processing plant, in the Otway and Gippsland basins. The most significant resources, in the Gippsland Basin, are currently being commercialised to provide a new source of gas supply for south-east Australia from 2019.

The company enjoys strong cash flow and is executing a clear strategy driven by total shareholder return.

For more information visit Cooper Energy's website, cooperenergy.com.au