

1 June 2017

APA & Cooper Energy execute Orbost Gas Plant agreement

- APA to acquire, upgrade and operate Orbost Gas Plant to process gas from Sole
- Sole gas project moves closer to FID

Cooper Energy Limited (ASX:COE) announces execution of the transaction proposed in the Heads of Agreement announced 27 February 2017, for APA Group to acquire, upgrade and operate the Orbost Gas Plant (Transaction), with the signing of full form binding documentation by the two companies.

Completion of the acquisition remains subject to certain conditions precedent, including finalisation of Cooper Energy's debt funding for the Sole gas project and a final investment decision by Cooper Energy. Cooper Energy is significantly advanced with its debt funding process, which can now be finalised.

A summary of the key terms of the final arrangements between Cooper Energy and APA is set out in the attachment to this announcement.

The Transaction will enable the development of the Sole gas field in the Gippsland Basin offshore Victoria as a new source of gas supply for south-east Australia from 2019. Under the Transaction, Cooper Energy will develop the Sole gas project and APA will acquire, upgrade, and operate the strategically located Orbost Gas Plant to process gas from Sole and potentially other fields. The Transaction also includes an option for the processing of gas from Cooper Energy's Manta gas project which the company is planning to develop subsequent to Sole.

Sole will bring 249 PJ of gas to south-east Australia, the major share of which has been contracted to a portfolio of buyers including AGL, EnergyAustralia, Alinta Energy and industrial user O-I Australia.

Managing Director of Cooper Energy, David Maxwell, commented:

"The APA and Cooper Energy teams have worked closely over the past few months to finalise our commercial arrangements, which are comprehensive and involve both the development and operating phases of the Sole gas project.

"We are pleased with the outcome which represents a win:win for both companies and establishes a sound basis for a mutually beneficial long term relationship that extends beyond Sole to include the second phase of our Gippsland gas development.

"We are looking forward to finalising the final element of the Sole project funding plan, consistent with our schedule for first gas." he said.

Grant Samuel is acting as financial adviser to Cooper Energy in relation to the Transaction, with Johnson Winter & Slattery and Gilbert & Tobin acting as legal advisers.

Further comment and information:

| | |
|----------------------------------|---|
| David Maxwell, Managing Director | Don Murchland, Investor Relations Advisor |
| +61 8 8100 4900 | +61 439 300 932 |

About Cooper Energy Limited (ASX:COE) 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.

Annexure:

Summary of key terms of Cooper Energy – APA Group Orbost Gas Plant Agreements

The Transaction involves the following elements:

- APA will acquire 100% of the shares in the entity which owns the Orbost Gas Plant (Cooper Energy (PBG) Pty Ltd) for \$20 million pursuant to a share sale agreement (SSA). These monies will be held in escrow against performance of Cooper Energy's obligations under the arrangements with APA.
- Completion of the sale and purchase under the SSA (and the associated arrangements) will be subject to certain conditions precedent including Cooper Energy obtaining requisite approvals, finalising its debt facilities for the Sole development and making a final investment decision.
- Cooper Energy will fund all capital expenditure associated with the development of the Sole gas field, including all drilling activities, subsea infrastructure, offshore pipeline and the associated shore crossing, and will be responsible for providing raw gas to facilitate commissioning of the Orbost Gas Plant, under a development agreement.
- APA will fund all capital expenditure associated with the upgrade and development of the Orbost Gas Plant to process raw natural gas from the Sole gas field under the same development agreement. The target date for practical completion of the gas plant and processing of raw gas is mid 2019.
- A gas processing agreement has been executed and its term will commence upon actual or deemed practical completion of the Orbost Gas Plant works under the development agreement.
- Cooper Energy will pay fixed tariffs to APA for processing of gas through the Orbost Gas Plant. Cooper Energy will be obliged to make minimum annual payments for an initial period to underwrite APA's expected capital expenditure on the expansion and upgrade.
- Cooper Energy will retain title to raw natural gas and sale natural gas at all times and the arrangements will include security and pre-emptive rights.
- A multipartite agreement will be entered into by the Security Trustee for Cooper Energy's debt providers and the relevant APA and Cooper Energy entities to regulate these intercreditor arrangements.
- Cooper Energy will have the right to appoint an independent party to step into APA's performance under the development and gas processing agreements in prescribed default circumstances in order to procure full performance of APA's obligations. These rights will be accessible to the Security Trustee. APA will have a similar step in right in respect of Cooper Energy's performance.
- APA will reserve certain land at the Orbost Gas Plant to enable an expansion to be undertaken for the processing of raw natural gas from the Manta gas field and Cooper Energy will have an option to initiate a process to put in place an arrangement for the processing of raw natural gas from the Manta gas field on similar terms to the arrangements for the Sole Project.
- APA will have the right to contract and process third party gas through the Orbost Gas Plant, subject to Cooper Energy retaining certain priority rights for the processing of raw natural gas from the Sole gas field and the Manta gas field, where such third party gas processing services utilise common user infrastructure.
- Associated agreements will facilitate co-operation between the parties during the construction and development of the Orbost Gas Plant and the Sole gas field and their ongoing operation.