

18 January 2017

New gas agreement takes Sole to FID sales target

- **AGL Energy Limited (AGL) gas sales volumes increased from 6.6 PJ to 12 PJ pa**
- **Total annual gas sales commitments increase to 20 PJ**

Cooper Energy (ASX:COE) announces the signing of an expansion to its existing gas sales agreement with AGL Energy Limited (AGL) that will increase annual contract quantity from 6.6 petajoules (PJ) to 12 PJ. There are no other material changes to the agreement, which remains subject to an affirmative final investment decision (FID) for the Sole Gas Project from where the gas is to be supplied.

The expanded agreement, together with the previously announced contracts with O-I Australia, Alinta Energy and EnergyAustralia, means that a total of 20 PJ of the 25 PJ annual supply anticipated from Sole is now subject to binding agreements. Cooper Energy is the sole interest holder in the field and the Orbost Gas Plant onshore Victoria, where Sole gas will be processed and delivered to the Eastern Gas Pipeline.

Cooper Energy Managing Director David Maxwell said that the latest agreement marked achievement of the project FID gas marketing target set by the company.

“We have now achieved our target gas sales for FID. Securing agreement for 80% of annual production with blue chip customers means the Sole Gas Project has highly attractive credentials for financing and retained upside for shareholders from the short term and spot market.

“The firm revenue input provided by this milestone will support conclusion of the finance and joint venture equity workstreams for our final investment decision, planned for later this quarter” he said.

Mr Maxwell acknowledged the support given by AGL and other buyers who have committed to purchase gas from Sole. “While there is a clear need for new sources of gas for south-eastern Australia, the reality is that new gas projects only happen when gas buyers are prepared to make the commitments needed to underwrite financing.

“The commitment shown by AGL, and our other customers: O-I Australia, Alinta and EnergyAustralia; provides the revenue assurance required for development. I acknowledge and thank our customers for their willingness to support new gas projects for south-east Australia,” said Mr Maxwell.

“AGL was an early cornerstone supporter of our Sole Gas Project. We are pleased to expand our agreement with them, especially as it has meant reaching our gas sales target so rapidly after doubling our stake in the project to 100%. This is a telling indication of the quality of the relationship between the two organisations and the shared commitment to a commercial outcome that works well for both parties and the Sole project” he said.

The increase to the AGL contract is one of two new agreements struck by Cooper Energy in the period since it announced the acquisition of Santos Limited’s Victorian gas assets on 24 October 2016. In December, Cooper Energy announced agreement with EnergyAustralia to supply 5 PJ per annum from Sole.

Sole FID is expected to occur in the March quarter 2017, with first gas from the project scheduled by March 2019. The project involves development of the Sole gas field, located in VIC/RL3 in the offshore Gippsland Basin and approximately 62 kilometres from the Orbost Gas Plant.

Further comment and information

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About Cooper Energy Limited (ASX:COE) 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-focused 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 south-eastern Australia from 2019.

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