

16 December 2014

Cooper Energy acquiring 50 % interest in Sole gas field and Orbost Gas Plant

- **New foundation offshore Gippsland gas project approaching FEED**
- **Substantial addition to COE Contingent Gas Resource expected**
- **Multiple market opportunities available**
- **Fully funded to FID⁽¹⁾**
- **First production late 2018 / early 2019**
- **Uses existing infrastructure and close proximity to the Eastern Gas pipeline**
- **Conference call details following**

Cooper Energy (ASX:COE) announces it has secured the basis for a substantial expansion to its gas resources and cemented its position as an emerging participant in the Eastern Australian gas market with the agreement to acquire a 50 per cent interest in the Sole gas field (VIC/RL3) and the Orbost (Patricia Baleen) Gas Plant in Victoria from Santos Limited.

The Sole gas field is located in the offshore Gippsland Basin and is about to enter detailed Front End Engineering and Design (FEED) for a development to commence production in late 2018/early 2019. The gas will be sourced from conventional gas reservoirs, using existing gas infrastructure and is in close proximity to the Eastern Gas pipeline which is linked to the Victoria and New South Wales gas markets.

The FEED phase is anticipated to be complete in the first half of calendar 2016. Gas market offtake contracts and finance for project construction will be developed in parallel with the FEED in readiness for a likely FID¹ decision in the third quarter of the 2016 calendar year.

Santos, who will retain a 50 per cent interest in both VIC/RL3 and the Orbost Gas Plant, has completed a preliminary integrated project development plan, schedule and costing for the project with the objective to commence FEED upon completion of the transaction.

Cooper Energy will acquire² a 50 per cent interest in VIC/RL3 and the gas plant, located onshore Victoria near Orbost. Consideration for the acquisition comprises an initial cash payment of \$2.5 million by Cooper Energy, then funding 100 per cent of the initial \$50 million project costs. The acquisition cost to Cooper Energy is effectively \$27.5 million. FEED is expected to require expenditure of \$25 million to \$29 million.

Cooper Energy Managing Director David Maxwell said the acquisition was a significant advance to the gas strategy implemented by the company over the past two years.

“This can be a cornerstone transaction for our developing offshore Gippsland Basin gas,” Mr Maxwell said.

¹ FID: Final Investment Decision

² The acquisition is subject to the satisfaction of conditions including regulatory approval and finalisation and approval of the FEED budget by the parties

“When completed, it will more than double our Gippsland gas resources and give Cooper Energy a 50 per cent stake in a gas project being prepared for FID and a gas hub which will assume growing significance in the Eastern Australian gas market.

“Sole gas development will also open up new possibilities for commercialisation and development of other gas resources in the offshore Gippsland region, including existing Cooper Energy gas resources.” Mr Maxwell said.

Cooper Energy expects the transaction will result in the addition of approximately 100 PJ of gas to its 2C Contingent Resources, based on information provided by Santos³. The company already carries 2C Contingent Resources of approximately 120 PJ⁴ (100% basis) in the Basker Manta Gummy (BMG) gas and liquids project (Cooper Energy 65% and Operator) located adjacent to Sole.

Mr Maxwell said “Eastern Australia needs new gas supply, gas prices are increasing and we believe the Gippsland Basin resources to be among the most competitive and reliable new sources available. We are in discussion with gas users who have expressed an interest in Cooper Energy’s Gippsland Basin gas resources and now expect those discussions to broaden with the news that the Sole gas field is moving towards FEED,” Mr Maxwell said.

“Gas sourced from conventional gas reservoirs, using existing infrastructure and in close proximity to the Eastern Gas pipeline are sound ingredients for commercially successful gas projects in Eastern Australia. We believe Sole ticks all the boxes for customers and shareholders alike,” he said.

The Sole field is located (see Figure 1 following) 65 kilometres from the Orbost Gas Plant, onshore Victoria and 35 kilometres from Cooper Energy’s BMG gas and liquids resource. Cooper Energy is currently preparing a business case for the possible development of the BMG resources.

The Sole Gas Project is expected (see Figure 2 following) to comprise a single vertical subsea well and pipeline to the Orbost Gas Plant which is connected to the Eastern Gas pipeline. The Orbost Gas Plant is currently processing gas from the Longtom gas field. Modifications to the Orbost Gas Plant will be required to process gas from Sole.

The development of the Sole Project is to be operated by Santos. Mr Maxwell said “Cooper Energy is pleased to be working with Santos who have an established and proven record in offshore project development.”

A conference call to discuss this announcement is to be held at 2:00 pm Eastern Daylight Saving Time, Tuesday 16 December. Details of the conference call are provided on page 5 of this announcement.

Further comment and information	
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³ Cooper Energy expects to announce its assessment of Contingent Resources (in accordance with ASX Listing Rules) attributable to the Sole gas field after the transaction has been completed.

⁴ As announced to the ASX 18 August 2014. Cooper Energy is not aware of any new information or data that materially affects the information provided in that release and all material assumptions and technical parameters underpinning the estimates provided in that release continue to apply and have not changed.

Sole gas field background

Sole-1, was drilled by Shell in 1972 and intersected 16 metres of net gas pay on the flank of the field in the Palaeocene Kingfish Formation. Sole-2 drilled in 2002 by Santos near the crest of the structure intersected 68 metres of net gas pay with the top of the reservoir encountered at a depth of approximately 750 metres sub sea. The production test at Sole-2 flowed 20.6 MMcfd gas and the development well is predicted to produce in excess of 70 MMcfd. The field is a simple four way dip closed structure with excellent seismic definition. Structural confidence is high as a direct hydrocarbon indicator (DHI) seen on the seismic data coincides with the gas-water-contact (GWC) and the maximum gas column height is 71.5 metres. Reservoir properties are excellent with an average porosity greater than 30% and permeability greater than 1 Darcy.

Sole gas contains 1% CO₂, 0.15% or 1400ppm H₂S and less than 1bbl condensate/MMscf. The gas will be processed to remove the H₂S, but not CO₂. Condensate production will be some 40 bpd.

Figure 1: Location of VIC/RL3, Gippsland Basin, offshore Victoria

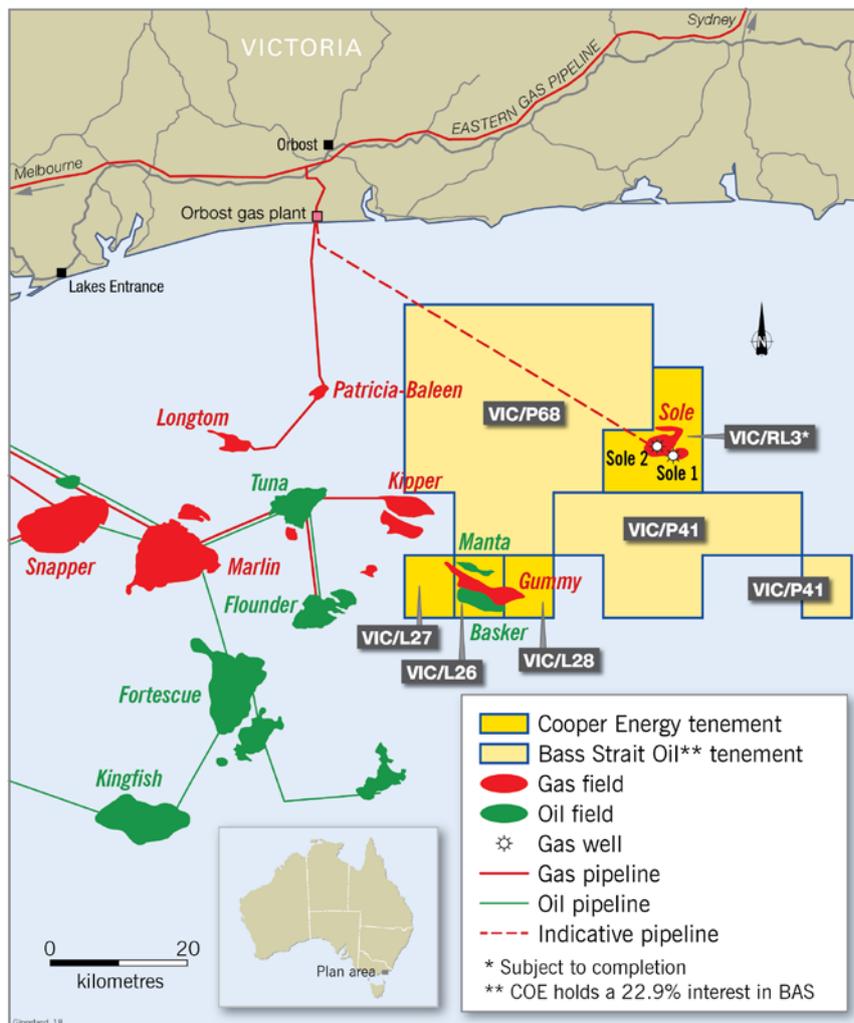
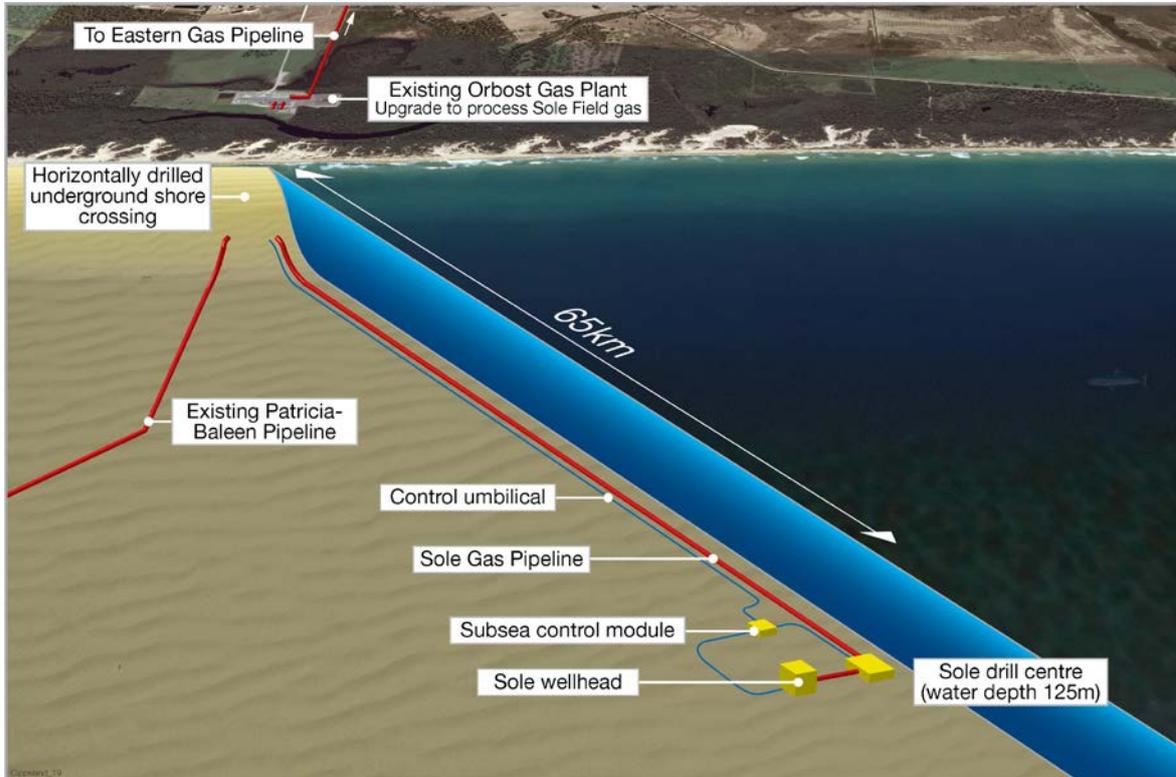


Figure 2: Indicative Schematic Overview of Sole Gas Field development



About Cooper Energy Limited (ASX:COE) is an ASX listed exploration and production company featuring high margin oil production, a growing portfolio of gas resources and exploration acreage and a management and Board team with a proven track record in building resource companies.

Cooper Energy conducts oil exploration and production in the Cooper and South Sumatra Basins and is building its gas portfolio to address emerging supply opportunities in Eastern Australia. The company has a strong balance sheet, enjoys strong cash flow and is executing a clear strategy driven by shareholder return. www.cooperenergy.com.au

Cooper Energy Conference Call details:

Time: 2:00 pm Eastern Daylight Time, Tuesday 16December

Access:

Access ID: 5401 7160

Toll-free: 1800 123 296

Toll: + 61 2 8038 5221 - (can be used if dialing from international location)

Toll-free international dial in:

These numbers are toll-free dial-in numbers for each country listed below. For countries not listed below, the Australian Participant Toll number listed above can be dialled.

Canada	1855 5616 766
China	4001 203 085
Hong Kong	800 908 865
India	1800 3010 6141
Japan	0120 985 190
New Zealand	0800 452 782
Singapore	800 616 2288
United Kingdom	0808 234 0757
United States	1855 293 1544

A recording of the conference call will be available via the company’s website from 5 pm, ACDT Tuesday 16 December.