



ASX Announcement / Media Release

24 October 2016

Cooper Energy acquires Santos' Victorian Gas Assets

- Transformational acquisition of producing assets, reserves & resources
- Acquisition of Santos' Victorian Gas Assets for \$62 million cash plus \$20 million cash on the earlier of Sole Gas Project FID or the receipt of cash consideration for any sell-down by Cooper Energy of an interest in any of the Victorian Gas Assets
- Logical and value-adding extension of Cooper Energy's gas strategy
- Adds gas production of 7 PJ p.a. (1.2 MMboe p.a.), gas 2P reserves of 54 PJ¹ (including 45 PJ uncontracted) and gas 2C contingent resources of 121 PJ²
- Simplifies commercialisation pathway for the Sole Gas Project
- Adds operational and engineering expertise to the Cooper Energy team
- Funding via a fully underwritten accelerated non-renounceable entitlement offer plus existing cash and debt facilities

Cooper Energy Limited (ASX: COE) ("COE" or "Cooper Energy" or "the Company") announces it has entered into a binding agreement to acquire the Victorian Gas Assets of Santos Limited ("Santos") (the "Transaction") for cash consideration of up to \$82 million, comprising \$62 million paid on completion and a further \$20 million milestone payment payable on the earlier of:

- achievement of the final investment decision ("FID") for the Sole Gas Project ("Sole")³; or
- the receipt of cash consideration for any sell-down by Cooper Energy of an interest in any of the Victorian Gas Assets⁴

The Transaction is effective as at 1 January 2017, and is expected to complete in early 2017.

Assets to be acquired (the "Victorian Gas Assets")

The assets to be acquired include:

- a 50% interest and, subject to the approval of the joint venture partners (AWE Ltd ("AWE") & Mitsui E&P Australia Pty Ltd ("Mitsui")), operatorship of the producing Casino-Henry gas project (VIC/L30, VIC/L24) ("Casino-Henry") in the offshore Otway Basin;

¹ Reserves estimates based on COE assessment of Santos' Victorian Gas Assets for 31 December 2016 using information provided by Santos. In accordance with ASX Listing Rules, COE expects to announce its assessment of reserves and contingent resources attributable to the Victorian Gas Assets of Santos after the Transaction has completed.

² Estimate of contingent resources is attributable to Santos' 50% share of Sole announced to the ASX on 26 November 2015. COE 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 assessment provided in the announcement continue to apply.

³ Due within 60 days of a formal sanctioning of Sole by the Board of COE.

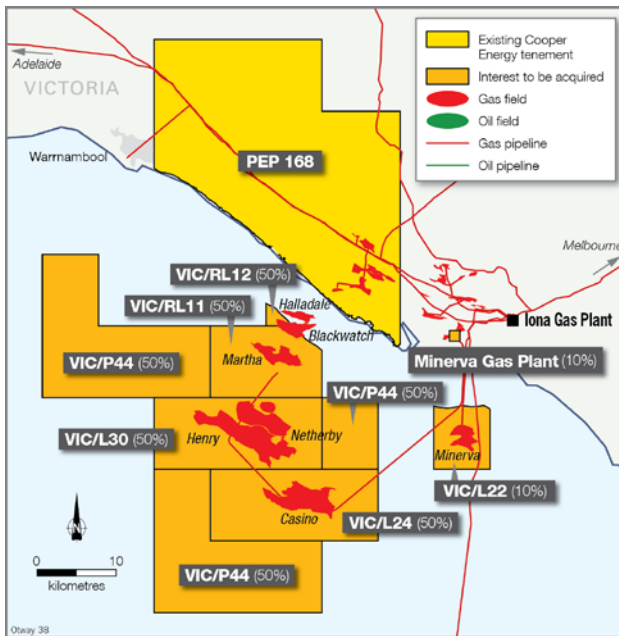
⁴ The amount payable to Santos shall not exceed the proceeds received by COE and any such payment will be made within 10 days after COE actually receives the proceeds for the sell-down.

For personal use only

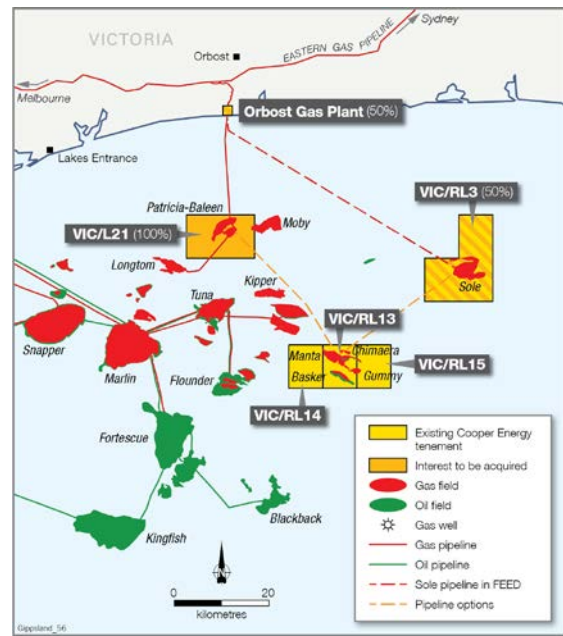
- a 10% interest in the producing Minerva gas field (VIC/L22) and Minerva Gas Plant in the Otway Basin (“Minerva”);
- the remaining 50% interests in the Sole gas field (“Sole”) and Orbost Gas Plant in the Gippsland Basin, increasing Cooper Energy’s interest in both assets to 100%;
- acreage prospective for gas in the offshore Otway Basin, Victoria, including VIC/P44, VIC/RL11 and /RL12; and
- a 100% interest in the largely depleted and non-operating Patricia Baleen gas field and associated infrastructure (“Patricia Baleen”) in the offshore Gippsland Basin. Sub-sea infrastructure at Patricia Baleen connects the adjacent Longtom gas field to the Orbost Gas Plant.

Victorian Gas Assets to be acquired:

Otway Basin



Gippsland Basin



The acquisition is to be funded via a fully underwritten accelerated non-renounceable entitlement offer to raise approximately \$62.6 million (“Entitlement Offer”) and a combination of existing cash and the drawdown (if required) of debt facilities. The consideration includes Cooper Energy assuming abandonment liabilities for the respective assets, most of which are long dated.

Cooper Energy will offer employment to relevant Santos employees who currently operate the Victorian Gas Assets. This includes the engineering and project staff who have managed the Sole Gas Project front end engineering and design work, and who are assisting Cooper Energy reach its final investment decision (“FID”) for the Sole Gas Project. Cooper Energy will approach the Casino-Henry joint venture partners (AWE & Mitsui) for their approval to be the operator of the Casino-Henry project. Additionally, Cooper Energy will approach relevant regulators for approval to become the operator of the Casino-Henry, Sole and Patricia Baleen projects where Santos is the operator currently.

The acquisition of specific assets is subject to joint venture approval, waiver of pre-emption rights and other customary conditions (refer to page 4 for further detail).

Managing Director's comments

"The acquisition of Santos' Victorian Gas Assets is a logical and value-adding step to accelerate our gas strategy" said Mr David Maxwell, Managing Director, Cooper Energy.

"The Transaction will transform Cooper Energy by substantially increasing our production, further enhancing our gas reserves and resources for supply to south-east Australia and adding proven technical and project expertise. Our position as a gas supplier to the south-east Australia gas market will be strengthened considerably."

"The assets acquired align with our gas strategy, and offer immediate and long term benefits in the interests of our shareholders".

"In the near term, Cooper Energy will be repositioned within the oil and gas sector with a four-fold lift in its Australian production and nine-fold increase in Australian 2P reserves. Cooper Energy will shift to over 85% of total production being sourced from gas sold under stable long term contracts".

"Looking to the long term, we now have more gas to market at a time when supply is being keenly sought in south-east Australia.

"We are delighted at the opportunity to move to 100% of Sole which we have identified as a very attractive growth opportunity for our company. Acquisition of a 100% equity position will enable Cooper Energy to drive the commercialisation of Sole, which has strong support from gas customers and interest from potential joint venture partners and financiers.

"The step-change in production, revenue generation, resourcing capabilities and future opportunities enabled by this Transaction are transformational" he said.

Impact of the Transaction

Completion of the acquisition will give Cooper Energy an immediate and substantial uplift in its production, reserves, technical, engineering and project management capabilities and establish a multi-basin gas supply business in south-east Australia, consistent with the Company's gas strategy.

The Transaction will result in Cooper Energy immediately becoming a supplier to the south-east Australia gas market and diversifying its revenue mix away from its historical reliance on oil. Gas produced from the Victorian Gas Assets sold under long term contracts generating stable cash flows is expected to account for the majority of the Company's annual production (85%) on completion of the Transaction.

Cooper Energy anticipates completion of the Transaction will lift its Australian production by a multiple of 3.9 times in FY17 to 1.0 MMboe. On an annualised basis, post Transaction production is expected to increase by approximately seven times (on a boe basis) compared with Cooper Energy's current production profile.

The acquisition of the Victorian Gas Assets will result in an increase in Cooper Energy's Australian 2P reserves by a factor of nine times⁵, increasing from 1.3 MMboe to 11.6 MMboe. The reserves and resources acquired will enhance significantly Cooper Energy's inventory of well-located gas for marketing to the south-east Australia gas market. Cooper Energy will acquire an equity share of 45 PJ of uncontracted gas 2P reserves in the Casino Henry gas project, which is currently producing and connected to the SEA Gas pipeline via the Iona gas

⁵ Reserves estimates based on COE assessment of Santos' Victorian Gas Assets for 31 December 2016 using information provided by Santos. In accordance with ASX Listing Rules, COE expects to announce its assessment of reserves and contingent resources attributable to the Victorian Gas Assets of Santos after the Transaction has completed.

plant. Acquisition of the remaining 50% of Sole will add a further 121 PJ of gas 2C contingent resources. In total, completion of the Transaction is expected to result in Cooper Energy having total gas 2P reserves of 54 PJ and 2C contingent resources⁶ of 381 PJ in the Otway and Gippsland basins

Implications for the Sole Gas Project

Completion of the Transaction will give Cooper Energy 100% ownership of the Sole gas field in VIC/RL3 and 100% ownership of the Orbest Gas Plant. The Sole gas field contains contingent resources (2C)⁷ of 241 PJ of gas, 77 PJ of which is already subject to sales agreements within the Company's portfolio of gas buyers including AGL, O-I and Alinta Energy.

Sole is considered to be an outstanding gas project with robust and attractive economics featuring highly competitive costs and a favourable price and demand outlook.

Preparations for a FID are well progressed and will continue to proceed through the previously announced process to commercialisation. First gas from the project is planned to be delivered in the March quarter of 2019, unchanged from previous indications. By giving Cooper Energy 100% equity ownership of the Sole Gas Project, the Transaction will allow optimal funding arrangements to be settled for the project, which may include partial divestment of Cooper Energy's 100% interest. If necessary, without impacting first gas delivery targets, FID can be deferred into the March quarter of 2017 to secure optimal financing arrangements for the Sole Gas Project.

Abandonment Liabilities

The total consideration is inclusive of the abandonment liabilities relating to the Victorian Gas Assets, (\$140 million in real 2015 dollars) which are expected to be incurred predominantly post 2025.

Conditions and expected timing

The Transaction is subject to a number of conditions, including:

- satisfaction or waiver of a condition that the Casino-Henry joint venturers (AWE & Mitsui) approve the assignment of Santos' interest to Cooper Energy (such approval not to be unreasonably withheld);
- the acquisition of Minerva is subject to satisfaction or waiver of a condition that the joint venturer, BHP Billiton Limited ("BHP Billiton"), waives its pre-emptive right over Santos' interest;
- other conditions usual for a transaction of this type; and
- if all conditions are satisfied or waived except BHP Billiton waiving its pre-emptive right over Minerva, completion will occur for all assets other than Minerva.

The Transaction is effective as at 1 January 2017, and is expected to complete in early 2017.

⁶ Estimate of contingent resources is attributable to Santos' 50% share of Sole announced to the ASX on 26 November 2015. COE 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 assessment provided in the announcement continues to apply.

⁷ As announced to the ASX on 26 November 2015.

Funding of the Transaction

The acquisition of the Victorian Gas Assets is being funded through a combination of proceeds of approximately \$62.6 million raised from the Entitlement Offer, with the balance from available cash reserves and, if necessary, debt facilities.

Indicative sources and uses of finance are provided below:

Sources (\$ million)		Uses (\$ million)	
Entitlement Offer	62.6	Transaction consideration ⁸	62.0
Debt facility/cash at hand	8.1	Transaction costs ⁹	5.0
		Net working capital adjustments ¹⁰	3.7
Total sources	70.7	Total uses	70.7

Entitlement Offer

The Transaction is to be partly funded via a fully underwritten 1 for 2 Entitlement Offer at \$0.285 per share ("Offer Price") to raise approximately \$62.6 million through the issue of approximately 220 million new Cooper Energy shares ("New Shares").

The Entitlement Offer is comprised of:

- an accelerated institutional component to be conducted today and tomorrow ("Institutional Entitlement Offer"); and
- a retail component which is anticipated to open on Monday, 31 October 2016 and close on Tuesday, 15 November 2016 ("Retail Entitlement Offer").

The record date under the Entitlement Offer is 7pm (AEST) on Wednesday, 26 October 2016 ("Record Date"). Entitlements cannot be traded on the ASX.

The Entitlement Offer is fully underwritten by Euroz Securities Limited and Canaccord Genuity (Australia) Limited.

The Offer Price of \$0.285 per New Share represents a discount of:

- 20.8% to \$0.36, being the last closing price of Cooper Energy shares before announcement of the Entitlement Offer; and
- 14.9% to the theoretical ex-rights price ("TERP") of \$0.335.

The New Shares to be issued will rank equally with existing Cooper Energy shares on issue at the time of allotment.

⁸ Cash Transaction consideration, excluding the milestone payment of \$20 million payable upon the earlier of Sole FID or the receipt of cash consideration from any sell-down by COE of an interest in any of the Victorian Gas Assets.

⁹ Includes legal, adviser and broker fees associated with the Transaction and Entitlement Offer. Excludes integration costs.

¹⁰ Completion payment to Santos, subject to verification and movements prior to effective date (1 January 2017).

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which opens today and closes on 25 October 2016.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer, or Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional investors at the Offer Price through a bookbuild process.

Cooper Energy shares have been placed in a trading halt while the Institutional Entitlement Offer is undertaken. It is expected that the trading halt will end at market open on 26 October 2016.

New Shares under the Institutional Entitlement Offer are expected to be issued on 4 November 2016. Cooper Energy will, upon issue of the New Shares under the Institutional Entitlement Offer, seek quotation of the New Shares on ASX.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand as at the Record Date ("Eligible Retail Shareholders"), have the opportunity to take up their entitlement of New Shares at the Offer Price, on the terms and conditions outlined in the Retail Offer Booklet to be sent to Eligible Retail Shareholders on or around 31 October 2016. The Retail Entitlement Offer is anticipated to close on 15 November 2016.

Eligible retail shareholders can choose to take up all, part, or none of their Entitlements. Furthermore, the Retail Entitlement Offer will include a top up facility under which Eligible Retail Shareholders who take up their Entitlement in full may also apply for additional shares in the Retail Entitlement Offer that were not taken up by other Eligible Retail Shareholders. There is no guarantee that applicants under the top up facility will receive all or any of the additional shares for which they apply.

New Shares under the Retail Entitlement Offer are expected to be issued on 22 November 2016. Cooper Energy will, upon issue of the New Shares under the Retail Entitlement Offer, seek quotation of the New Shares on ASX.

Please note that Shareholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer.

Key dates

Event	Date
Announcement of Transaction and the Entitlement Offer	Monday, 24 October 2016
Institutional Entitlement Offer opens	Monday, 24 October 2016
Institutional Entitlement Offer closes	Tuesday, 25 October 2016
Shares recommence trading on ASX on an "ex-entitlement" basis	Wednesday, 26 October 2016
Record Date for the Entitlement Offer	7.00pm (Sydney time) Wednesday, 26 October 2016
Retail Entitlement Offer opens	Monday, 31 October 2016
Retail Offer Booklet despatched	Monday, 31 October 2016
Settlement of New Shares issued under the Institutional Entitlement Offer	Thursday, 3 November 2016
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer	Friday, 4 November 2016
Retail Entitlement Offer closes (Retail Closing Date)	5.00 pm (Sydney time) Tuesday, 15 November 2016
Allotment of New Shares under the Retail Entitlement Offer	Tuesday, 22 November 2016
New Shares issued under the Retail Entitlement Offer commence trading on ASX	Wednesday, 23 November 2016
Despatch to Shareholders of holding statements under the Retail Entitlement Offer	Thursday, 24 November 2016

All dates and times referred to are based on Sydney time and are subject to change. COE reserves the right to vary these dates or to withdraw the Entitlement Offer at any time.

Retail Investor Enquiries

For further information in regard to the Retail Entitlement Offer, please contact the Cooper Energy Shareholder Information Line on 1300 655 248 (local call cost within Australia) or +61 3 9415 4887 (from outside Australia) at any time between 8.30am and 5.00pm (Sydney time), Monday to Friday.

Nothing contained in this announcement constitutes investment, legal tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

Conference Call

Mr David Maxwell, Managing Director of Cooper Energy will address a conference call on this announcement and speak to a presentation pack which has been lodged with the ASX separately.

Details of the call are as follows:

Time: 10:30am AEDT Monday 24 October

Conference ID: 6669549

Participant International Dial-In Number: +61 2 83733610

Participant Local Dial-In Numbers:

Australia, Sydney 02 83733582

Participant International Toll Free Dial-In Numbers:

Australia	1800725000
Hong Kong	800906648
Indonesia, PT Indosat access	0018030204845
Indonesia, PT Telkom access	0078030204845
New Zealand	0800446046
Singapore	8006162313
United Kingdom	08082341369
United States	18007429301

Further Information

Grant Samuel is acting as financial adviser to Cooper Energy, with Johnson Winter & Slattery acting as legal adviser.

Euroz Securities Limited and Canaccord Genuity (Australia) Limited are acting as Joint Lead Managers and Underwriters to the Entitlement Offer.

Further details about the Transaction and Entitlement Offer are contained in a separate investor presentation lodged with the ASX today.

ENDS

For personal use only

Further comment and information	
David Maxwell, Managing Director	+61 8 8100 4900
Don Murchland, Investor Relations	+61 439 300 932

About Cooper Energy Limited (ASX:COE) is an ASX listed exploration and production company featuring low cost 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 Basin and is working towards development of its Gippsland Basin gas resources to address emerging supply opportunities in south-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

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer of securities for sale in the United States or any other jurisdiction. Any securities described in this announcement may not be offered or sold in the United States absent registration under the US Securities Act of 1933 or an exemption from registration.