

Cooper Energy acquires Gippsland Basin gas and liquids project

31 March 2014

- **Cooper Energy to acquire 65% of Basker Manta Gummy production licenses**
- **Gas and liquids resource with infrastructure in place**
- **Ideally positioned for competitive conventional gas supply to eastern Australia**
- **Commercialisation and development concept work to commence**
- **Cooper Energy appointed Operator**
- **Consideration heavily weighted to successful production**

Cooper Energy (ASX:**COE**) announces it has agreed to purchase a 65% interest in the Basker/Manta/Gummy gas and liquids project (BMG) in the offshore Gippsland Basin through acquisition of a 65% interest in each of the production licences: Vic/L26; Vic/L 27; and Vic/L28. Cooper Energy will also be appointed Operator for the project. As a result of the acquisition, Cooper Energy will have the majority interest in a significant gas and liquids resource considered likely to be a competitive conventional source of gas supply for eastern Australia in the coming years.

The acquisition, which is effective from 1 January 2014, is subject to regulatory approval.

The BMG project contains undeveloped liquids-rich gas and oil which Cooper Energy intends to review and quantify to include in its year-end review and estimate of reserves and resources. The project comprises the Basker oil and gas field, Manta oil and gas field and the Gummy gas discovery in the licences Vic L26, Vic /L27 and Vic L28 located 65 km offshore Victoria in water depths ranging from 150 metres to 350 metres.

Cooper Energy is to acquire its 65% stake through acquisition of:

- a 50% interest from ROC Oil Company Limited (ROC) for consideration of \$1 million (plus working capital adjustments which will be negligible) and a deferred payment of \$5 million contingent on first hydrocarbons production from a commercial development; and
- a 15% interest from Beach Energy Limited (Beach)

As a part of the acquisition Cooper Energy will assume any abandonment liability for the interests being purchased. This equates to 39% of any abandonment liability in the period to October 2018 and then 65% of any abandonment liability thereafter.

The BMG joint venture equity structure following the completion of the agreement will comprise Cooper Energy (65% interest and Operator) and Beach (35% interest).

The BMG fields were previously developed for oil production (which included gas production and re-injection) and have been in a non-productive phase since 2010. The infrastructure not required for a subsequent gas and liquids development and production phase has been removed. The infrastructure relevant to produce gas and the remaining oil, including sub-sea facilities, has been retained and maintained.

Cooper Energy Managing Director David Maxwell said BMG’s proximity to existing infrastructure and developed and undeveloped gas fields was favourable for the prospects of commercialisation and consistent with the company’s gas strategy.

“The eastern Australian gas market is developing as we anticipated, the gas supply outlook is becoming increasingly tight and the upstream gas prices are increasing. We believe that the BMG joint venture has the right features for a new foundation economic gas supply to the eastern Australian gas customers in the medium term” he said.

Mr Maxwell noted “BMG is a conventional gas source, with some infrastructure in place and the potential for economic enhancement through coordination with adjacent developed and undeveloped fields. We believe BMG can be a highly competitive source of supply for gas customers and good business for shareholders at recent and anticipated gas prices.”

Cooper Energy’s BMG interest is complemented by its 22.9% shareholding in Gippsland Basin explorer Bass Strait Oil Company Limited (BAS), which holds a number of permits in close proximity to BMG.

“The Gippsland Basin is, and has long been, the largest source of gas supply for eastern Australia customers” said Mr Maxwell. “Its significance can be expected to grow in the coming years as eastern Australia gas customers seek new competitive sources of supply with the right volume, price and delivery timelines for emerging contract needs”.

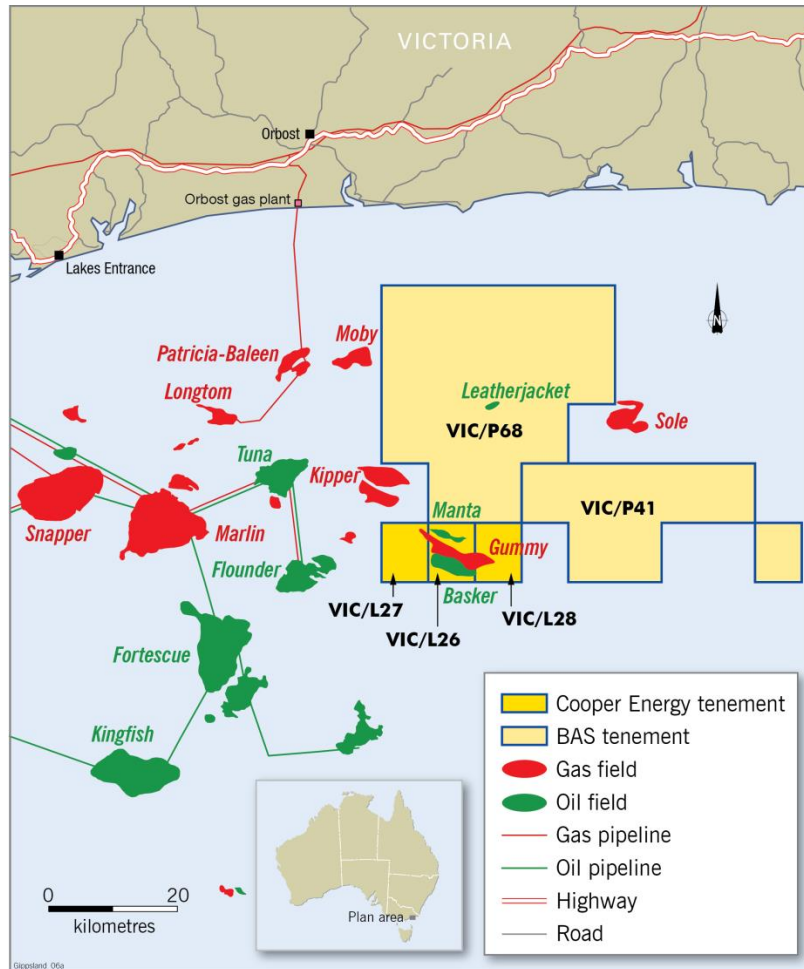
Cooper Energy’s Gippsland Basin interests are a part of the strategy to build a portfolio of gas assets that are well positioned for competitive supply to gas users. Cooper Energy also holds licences in the onshore Otway Basin where it is currently engaged in a two well program to assess the gas potential of the onshore Penola Trough.

Mr Maxwell said the near term focus at BMG would be on evaluating development options and determining the optimal plan for the fields’ next stage of development as a gas project.

BMG’s annual operating costs are currently approximately \$7 million per annum (100% basis) which includes maintenance of the existing sub-sea infrastructure and permit management.

Further comment and information	
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Location of Basker, Manta and Gummy (BMG) Resource and surrounding fields and infrastructure



About Cooper Energy Limited: Since listing on the ASX in 2002, Cooper Energy has built a portfolio of near term low risk development and appraisal projects as well as high impact exploration prospects. Cooper Energy currently produces over 500,000 barrels of oil production per year from the Cooper Basin, South Australia and 160 barrels of oil per day production from its Sukananti KSO in Indonesia. Cooper Energy also has prospective exploration licenses in Australia (Cooper and Otway Basins), Tunisia and Indonesia. Cooper Energy enjoys a solid balance sheet, good production earnings, and has a clear strategy to enhance shareholder return. www.cooperenergy.com.au