

10 February 2016

Cooper Energy to sell Indonesian exploration permits to Mandala Energy

- **Agreement for sale of Sumbagsel and Merangin III PSCs for US\$8.25 million**
- **Substantial reduction to future capital expenditure commitments**
- **Process for sale of production assets ongoing**

Cooper Energy (ASX:COE) announces that it has signed agreements for the sale of its Indonesian exploration assets to Mandala Energy Limited (“Mandala”), a South East Asia focused oil and gas exploration and production company, for consideration of US\$8.25 million.

The sale, which is effective from 1 January 2016, is subject to the approval of the Government of Indonesia and is expected to complete within the current financial year. The net cash proceeds are anticipated to be more than A\$10 million at current exchange rates, after costs and Indonesian transfer taxes.

Under the transaction signed in Jakarta today, Mandala will acquire 100% of the Sumbagsel and Merangin III PSCs located in the South Sumatra Basin. Cooper Energy will continue the divestment process for its 55% interest in the Tangai-Sukananti KSO production licence.

The sale is the first outcome of a process initiated by Cooper Energy in the December quarter to divest its Indonesian portfolio.

“Today’s transaction marks another important step in our strategy to concentrate Cooper Energy’s resources and efforts on the eastern Australian energy market” said the company’s Managing Director, David Maxwell. “Moreover, it will provide timely capital management benefits as we move towards a Final Investment Decision on the Sole Gas Project”.

The benefits from the transaction include the anticipated proceeds and the removal of existing licence commitments for seismic acquisition and the drilling of two wells. Cooper Energy recently reported cash and investments of A\$30.2 million at 31 December 2015.

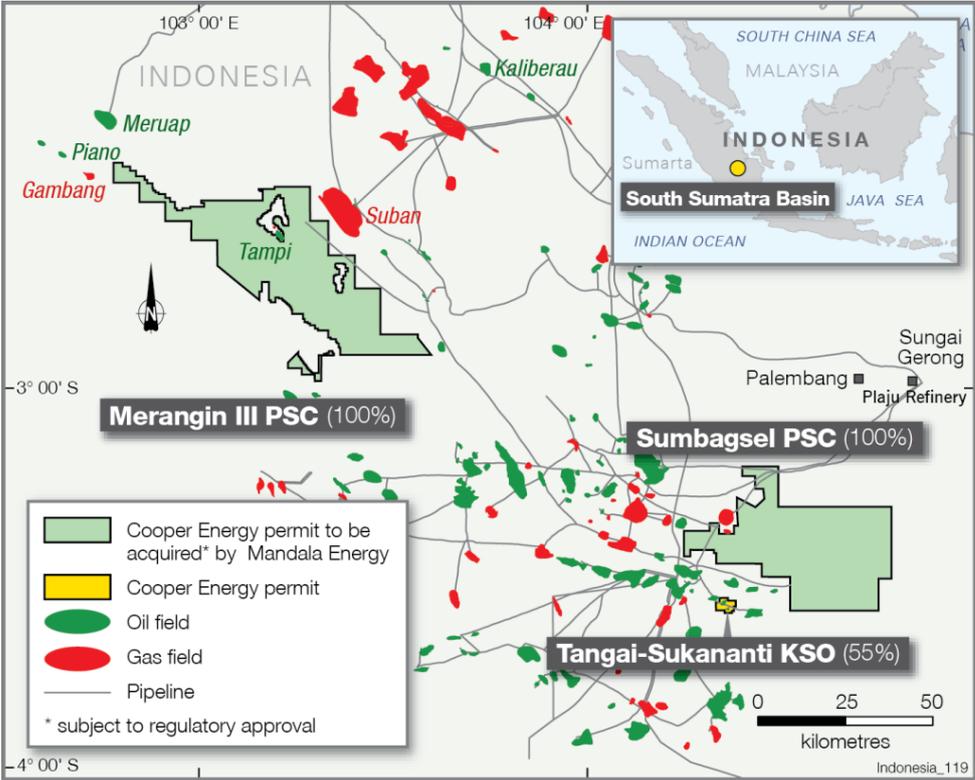
Mandala Energy Chief Executive Officer Barry O’Donnell said “the acquisition of these two large PSCs marks a very important strategic milestone for Mandala Energy. From a portfolio perspective, it significantly increases our footprint in the prolific South Sumatra Basin and provides us with operatorship of two high quality exploration assets. We look forward to executing an extensive seismic and drilling program in order to quickly realize the potential of both blocks.”

Mr Maxwell said the decision to divest the Indonesian assets was driven by the maturation of the company’s eastern Australian gas strategy.

“Our involvement in Indonesia pre-dates the strategy adopted in 2011 to focus on the opportunities we foresaw in eastern Australian gas supply. The Indonesian assets were retained on the strength of the opportunities to add value through geologic studies in Sumbagsel and Merangin III and increasing reserves and production in Sukananti.

“Although we consider the Merangin III and Sumbagsel PSCs to be very prospective, now is the right time for Cooper Energy to realise the value available for its Indonesian portfolio and to increase the focus we bring to our Eastern Australia projects” Mr Maxwell said.

Figure 1: Merangin III and Sumbagsel PSCs to be acquired by Mandala



The company will now seek to accelerate sale of the Tangai-Sukananti KSO. The KSO is currently producing at approximately 800 bopd (gross) and presents the opportunity for substantially higher rates, potentially to more than 2,000 bopd, under a plan to upgrade processing and transport capacity and conduct development drilling.

The Tangai-Sukananti KSO was assessed to contain remaining Proved plus Probable Reserves¹ of 3.1 million barrels (MMbbl) of oil (COE share: 1.7 MMbb) as at 30 June 2015 with further exploration potential. Production from Sukananti since 30 June has been 133.5 thousand barrels (kbbbl), (COE share 73.5kbbbl).

¹ Gross Reserves attributed to 100% joint venture interest in Tangai-Sukananti KSO. Reserves as at 30 June 2015 were announced to the ASX on 17 August 2015 (“FY15 Results Announcement”) and should be read in conjunction with the information provided in that announcement. Cooper Energy is not aware of any new information or data that materially affects the information provided in those releases and all material assumptions and technical parameters underpinning the assessment provided in the announcement continues to apply.

Interim Results announcement

Cooper Energy's accounts at 31 December 2015 will recognise the Indonesian assets as held for sale. It is expected the accounts, which are yet to be finalised, will include impairment of approximately A\$9 million (indicative) to the Indonesian assets to align carrying values with fair market values less estimated costs of disposal.

Cooper Energy will release its 2016 interim accounts on 25 February 2016.

Further comment and information	
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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 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

About Mandala Energy: Mandala is a South East Asia-focused oil and gas exploration and production company backed by leading global investment firm KKR. KKR partnered with Mandala in early 2015 to bring complementary technical and financial capability to regional independent and national operators across the exploration, development and production spectrum in order to drive portfolio growth and maximize asset potential.