

## Comments

**Price Target: \$0.82/sh**

Production from the recent Perlubie South and Butlers oil discoveries (due to come online in the next Q) will keep the plateau of 5,000 – 6,000 bopd (gross) from the western flank fields (COE 25%) going through in to next CY.

We are expecting 3-4 oil exploration/appraisal wells in the Cooper Basin probably late in the June H'10 – target sizes should be 0.5 – 2 mmbbls gross with the aim of at least replacing FY'10 production (1.5 - 2 mmbbls).

Few companies have the leverage to upcoming exploration wells that COE does in Tunisia. In the success case, >\$2/sh of additional unrisks value can be added.

The firm well details are:

- Fuchsia-1 (COE 35%) is a 3D delineated offshore prospect targeting 46 mmbbls gross P50 recoverable oil (17 mmbbls net to COE) – success could be worth >\$0.50/sh to COE.
- Menzel Horr-1 (COE 100%) is a 2D delineated onshore prospect targeting 24 mmbbls gross P50 recoverable oil - success could be worth >\$1.50/sh.

At this stage, timing of wells is: Fuchsia-1 in the Mar Q'10 and Menzel Horr in the Dec H'10. Estimated well costs net to COE assuming the current equity interests are US\$7m and US\$5m respectively.

A gas exploration well in Indonesia looks likely in April following the wet season. Gigir East-1 (COE 30%), an onshore well will target 32 bcf gross P50 recoverable gas (cost ~US\$1.5m net to COE) with success worth \$0.05 – 0.10/sh.

Something to watch out for in coming months will be the maturing of the West Hammamet project in the offshore portion of the Bargou Block in Tunisia (COE 100%). It is an appraisal project that has moderate risk potential for 50 mmbbls recoverable oil (P50) from two reservoirs intersected by a previous operator. A 3D seismic program is scheduled for Dec and a well may be proposed for FY'11 with COE likely to farm down its stake in the CY'10 in return for drilling costs (~US\$30m). Upside potential for COE is very large from West Hammamet.

We are forecasting a \$7m NPAT for FY'10 after taking a conservative stance in assuming \$14m of exploration costs are written-off, mainly in relation to the upcoming Fuchsia exploration well. Operating cash flow is forecast to remain robust at \$21m for the period based on a US\$76/bbl average oil price and 0.89 A\$/US\$.

We have increased our valuation by \$0.12/sh to \$0.82/sh based on the adoption of a risked weighted prospect valuation methodology (v's cost and expected farmout valuation previously).

## Investment Case

Upcoming catalysts for COE will centre on its Tunisian exploration drilling program. Rig contracting, well spuds and results will be the main news flow items to look out for. Trading opportunities should arise on the expected share price ramp-up prior to drilling its high impact wells.

COE remains in great shape - production and cash are at record levels and production is showing no signs of falling off any time soon given the recent discovery rate. The stock is undervalued v's our valuation of \$0.82/sh. Our valuation of cash (\$95m) and proven developed reserves is \$0.53/sh.

**Euroz Securities declares that it has acted as underwriter to and/or arranged an equity issue in and/or provided corporate advice to Cooper Energy during the last year. Euroz Securities has received a fee for these services.**

### Top 20 Shareholders as at 9 November 2009

Shareholders	Shares (m)	(%)
1 J P Morgan Nominees Australia Limited	35.25	12.05
2 National Nominees Limited	30.17	10.32
3 ANZ Nominees Limited	6.82	2.33
4 Citicorp Nominees Pty Limited	5.97	2.04
5 Cogent Nominees Pty Limited	3.97	1.36
6 Celtic Trust Company Ltd	3.26	1.11
7 HSBC Custody Nominees (Australia) Ltd	2.98	1.02
8 Mrs Lucy Koumides	2.97	1.02
9 Mr Phillip R Davies + Ms Sharon V Davies	2.93	1.00
10 Zero Nominees Pty Ltd	2.80	0.96
11 HSBC Custody Nominees (Australia) Ltd	2.75	0.94
12 Kavel Pty Ltd	2.44	0.84
13 Marford Group Pty Ltd	2.41	0.83
14 Queensland Investment Corporation	2.19	0.75
15 Citicorp Nominees Pty Limited	1.86	0.64
16 Mr Gregory George Hancock	1.73	0.59
17 Vanez Holdings Pty Ltd	1.61	0.55
18 ANZ Nominees Limited	1.59	0.55
19 Sydney Fund Managers Limited	1.50	0.51
20 Marford Group Pty Ltd	1.50	0.51
<b>TOTAL</b>	<b>116.69</b>	<b>39.92</b>

### Market Statistics

<b>Share Price</b>	<b>\$0.49 A\$/sh</b>	<b>Directors</b>	
Issued Capital		L Shervington	Ch'n
FP Ord	292.4m	M Scott	MD
Opt (@ \$0.87/sh ave)	19.4m	G Hancock	Exec Dir
		C Porter	Non Exec Dir
		S Abbott	Non Exec Dir
<b>Total Dil. FPOrd</b>	<b>292.6m</b>	<b>Shareholders</b>	
Market Capitalisation	\$143m	Acorn Capital	6.6%
Enterprise Value	\$48m	Aviva	5.1%
Debt	nil		
Cash	\$95m		

### Share Price Performance



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# Cooper Energy Ltd

Analyst ▶ Oliver Foster

Ph: +61 8 9488 1431 E: ofoster@euroz.com.au

# EUROZ

SECURITIES LIMITED

AUSTRALIAN RESEARCH

COOPER ENERGY LTD (COE)		YEAR END 30 JUNE				
ASSET VALUATION		A\$M	A\$/sh			
Western Flank Fields (25%)		54	0.18			
Worrior (30%)		5	0.02			
South Madura PSC (30%)		2	0.01			
Bargou PSC (100%)		64	0.22			
Hammamet PSC (35%)		17	0.06			
Working Capital		5	0.02			
Corporate		(12)	(0.04)			
Exploration		10	0.03			
Unpaid Capital		0	0.00			
Debt		-	-			
Cash		95	0.32			
<b>Total @ 10% nom</b>		<b>239</b>	<b>0.82</b>			
Total @ 0% nom		256	0.87			
Total @ 5% nom		247	0.84			
Total @ 15% nom		236	0.81			
FORECAST PRODUCTION		2009a	Dec H'09f	2010f	2011f	2012f
Attrib. Prod'n (mboe)						
Western Flank fields		390.1	216.7	422.0	380.3	252.9
Worrior		92.1	37.0	70.2	56.9	46.1
<b>Total Attrib (mboe)</b>		<b>482.2</b>	<b>253.7</b>	<b>492.2</b>	<b>437.2</b>	<b>299.0</b>
Assumptions						
Avg Oil Price (US\$/bbl)		69.8	72.5	76.3	85.0	90.0
US\$:A\$		0.75	0.88	0.89	0.88	0.85
Cash Cost - excl royalties (A\$m)						
Western Flank fields		8.2	4.6	8.9	8.0	5.3
Worrior		2.1	0.8	1.6	1.3	1.1
<b>Ave Cash Cost (A\$/boe)</b>		<b>21.4</b>	<b>21.3</b>	<b>21.3</b>	<b>21.3</b>	<b>21.3</b>
<b>Ave Total Cost (A\$/boe)</b>		<b>28.3</b>	<b>29.7</b>	<b>29.6</b>	<b>29.5</b>	<b>29.7</b>
RATIO ANALYSIS		2009a	Dec H'09f	2010f	2011f	2012f
CF (A\$m)		22	10	21	27	18
CF / Sh (Ac/sh)		7	3	7	9	6
CF Ratio (x)		6	-	7	5	8
Earnings (A\$m)		(3)	7	7	15	11
EPS (Ac/sh)		(1.0)	2.4	2.5	5.0	3.9
EPS Growth (%)		-141%	0%	-364%	95%	-22%
Earnings Ratio (x)		(46)	-	19	10	13
E'prise Val. (A\$m)		35	49	54	41	35
EV : EBITDA (x)		1	-	2	2	2
EV : EBIT (x)		40	-	13	3	4
Net Debt / ND+Eq (%)		-312%	0%	-317%	-382%	-427%
Interest Cover (x)		n/a	-	n/a	n/a	n/a
EBIT Margin (%)		2%	0%	10%	34%	29%
ROE (%)		-2%	0%	6%	11%	8%
ROA (%)		1%	0%	3%	10%	6%
Div. (Ac/sh)		-	-	-	-	-
Div. payout ratio		-	-	-	-	-
Div. Yield		-	-	-	-	-
Div. Franking		-	-	-	-	-

PROFIT AND LOSS	2009a	Dec H'09f	2010f	2011f	2012f
Oil Equivalent Sales	42	21	42	42	31
Deferred Revenue	-	-	-	-	-
Interest Revenue	4	3	7	7	7
Other Revenue	0	-	-	-	-
<b>TOTAL REVENUE</b>	<b>46</b>	<b>24</b>	<b>48</b>	<b>49</b>	<b>39</b>
Operating Costs	11	8	15	14	10
Dep/Amort	4	2	4	4	3
Writeoffs (explor)	21	2	14	5	5
Corp O/H	5	3	5	5	5
Provisions	-	-	-	-	-
EBITDA	25	11	22	23	17
EBIT	1	7	4	15	9
Interest Expense	-	-	-	-	-
NPBT	5	10	11	21	16
Tax	8	3	3	6	5
NPAT	(3)	7	7	15	11
Minority Interest	-	-	-	-	-
<b>NET PROFIT</b>	<b>(3)</b>	<b>7</b>	<b>7</b>	<b>15</b>	<b>11</b>
Net Abnormal Loss after Tax	-	-	-	-	-
<b>Net Profit After Abnormal</b>	<b>(3)</b>	<b>7</b>	<b>7</b>	<b>15</b>	<b>11</b>
DIVISIONAL EBIT	2009a	Dec H'09f	2010f	2011f	2012f
Western Flank fields	20	10	20	22	16
Worrior	4	1	3	3	3
Other (Corp & Expl'n)	(23)	(4)	(19)	(10)	(10)
<b>Total EBIT</b>	<b>1</b>	<b>7</b>	<b>4</b>	<b>15</b>	<b>9</b>
CASH FLOW	2009a	Dec H'09f	2010f	2011f	2012f
+ Net Profit	(3)	7	7	15	11
+ Working Capital Adjustment	-	-	-	-	-
+ Dep/Amort	4	2	4	4	3
+ Provisions, W/O	21	2	14	5	5
+ Tax Expense	8	3	3	6	5
- Tax Paid	8	4	7	3	6
- Deferred Revenue	-	-	-	-	-
<b>= Operating Cashflow</b>	<b>22</b>	<b>10</b>	<b>21</b>	<b>27</b>	<b>18</b>
-Capex + Development	3	1	3	3	1
-Exploration	7	8	23	10	10
-Assets Purchased	9	-	-	-	-
+Asset Sales	25	-	-	-	-
+Other	-	-	-	-	-
<b>= Investing Cashflow</b>	<b>7</b>	<b>(9)</b>	<b>(25)</b>	<b>(13)</b>	<b>(11)</b>
+ Equity Issues (Rts,plc,opts)	-	-	-	-	-
+Loan Drawdown/Receivable	-	-	-	-	-
+Other	-	-	-	-	-
-Loan Repayment	-	-	-	-	-
-Dividends	-	-	-	-	-
<b>= Financing Cashflow</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Period Surplus</b>	<b>29</b>	<b>1</b>	<b>(4)</b>	<b>14</b>	<b>7</b>
Adj. FX effects	-	-	-	-	-
<b>CASH</b>	<b>93</b>	<b>95</b>	<b>90</b>	<b>104</b>	<b>111</b>
BALANCE SHEET	2009a	Dec H'09f	2010f	2011f	2012f
Assets					
Cash	93	95	90	104	111
Current Receivables	12	12	12	12	12
Other Current Assets	0	0	0	0	0
Non-Current Assets	31	30	29	28	27
<b>Total Assets</b>	<b>136</b>	<b>136</b>	<b>131</b>	<b>144</b>	<b>149</b>
Liabilities					
Borrowings	-	-	-	-	-
Current Accounts Payable	5	5	5	5	5
Non-Current Liabilities	4	4	4	4	4
Other Liabilities	4	4	4	4	4
<b>Total Liabilities</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>
<b>Net Assets</b>	<b>123</b>	<b>124</b>	<b>118</b>	<b>131</b>	<b>136</b>
OIL RESERVES (1P)					
		Oil	Gas	Total	
		mmbbls	bcbf	mmbboe	
Western Flank fields		1.5	-	1.5	
Worrior		0.4	-	0.4	
<b>Total</b>		<b>1.9</b>	<b>-</b>	<b>1.9</b>	
<b>EV / boe (A\$)</b>				<b>25</b>	

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