

### Comments

**Price Target: \$1.01/sh**

The Gurame-1x appraisal well (COE 22.5%) in the Seruway PSC is scheduled to commence in the next couple of weeks. It is a low risk/high impact well targeting gross volumes of 400 Bcf and 20 mmbbls liquids to 2.7 Tcf and 150 mmbbls liquids – this could be worth \$0.50/sh to >\$2.50/sh net to COE.

Located offshore northern Sumatra, the primary risks in the Gurame project are gas flow potential and reservoir communication. Hydrocarbon flows from five wells drilled on the structure in the 1960's and 70's were thought to be restricted due to two reasons:

1. The use of water based mud caused a swelling reaction with clays present in the reservoir sandstones, preventing flows
2. High mud weights were used (following a blow out in the first well) potentially damaging reservoirs

To counter the flow problems seen in previous wells, COE will use oil based mud whilst drilling the Gurame appraisal well – this should enable more natural flow results from the reservoirs. The well will also determine whether the various reservoir sands within the structure are in communication, or not.

COE recorded a \$5.3m NPAT for the Dec H'07 (v's our forecast of \$2.8m) – an excellent result. Lower exploration w/o's and lower cash costs were the main reasons for the discrepancy.

Operating cash flow of \$12.5m for the H shows the underlying health of COE's business (v's a current EV of \$115m).

We have upgraded our forecast FY'08 NPAT by 33% to \$12m based on this result. This compares to \$7m forecast in Oct'07 – up primarily as a result of strong Cooper Basin production, higher oil prices and lower costs assumed.

Oil production for the H totaled 182 kbbls v's the June H'07 total of 130 kbbls – a positive trend that is set to continue for the next year in the "no success" case.

The Callawonga, Worrior, Parsons and Cleansweep oil fields all had successful exploration or appraisal wells in the Dec H and are the reason for the forecast production growth.

Parsons-2 (COE 25%) will be drilled in March targeting 100 kbbls (COE share) and should also add to production from mid-year.

COE is fully funded for all planned drilling and development activity with \$64m cash and no debt.

### Investment Case

Our confidence in COE's future cash flow has increased significantly over the last H following a very successful Cooper Basin drilling program. We expect COE will at least double production to >1,500 bopd this Q (v's 750 bopd average for FY'07) to net >\$20m pa cash flow over the next two years at least.

We expect buying support in the lead up to Gurame-1x which has a 75% chance of success and has the potential to add multiples to the current share price.

Any commercial gas discovery in the Seruway PSC could be developed through the under-utilised Arun LNG facilities (2 out of 6 trains fully utilised) located 50km to the NW or into local markets directly onshore. There are numerous discoveries, prospects and leads within the PSC which require further seismic which is planned in the Dec H with exploration wells likely to follow in the CY'09. Well costs are very manageable at ~US\$12m gross.

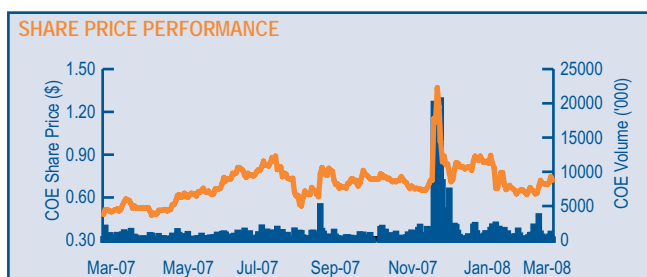
Tunisia is the "sleeper" in COE's exploration portfolio. Value should be realised gradually through prospect identification, farmout to larger company (Bargou) and drilling in FY'09. Whilst we have attributed \$0.19/sh to Tunisia at this stage, we envisage the two blocks in Tunisia will add >\$/sh in the medium to long term.

We hold a high level of confidence that COE's management and technical team can deliver a portfolio of international producing assets to compliment its high impact exploration opportunities.

**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 22 FEBRUARY 2008	
Shareholders	Shares (m)		(%)
1 National Nominees Limited	19.71		7.81
2 J P Morgan Nominees Australia Limited	15.73		6.24
3 HSBC Custody Nominees (Australia) Limited	14.15		5.61
4 ANZ Nominees Limited	8.52		3.38
5 Citicorp Nominees Pty Limited	7.55		2.99
6 HSBC Custody Nominees (Australia) Limited	7.18		2.85
7 Mr Phillip R Davies + Ms Sharon V Davies	5.23		2.07
8 Celtic Trust Company Limited	5.00		1.98
9 Mr Gregory George Hancock	3.00		1.19
10 Escor Investments Pty Ltd	2.70		1.07
11 UBS Wealth Management Australia Nominees Pty Ltd	2.46		0.97
12 Kavel Pty Ltd	1.94		0.77
13 RBC Dexia Investor Services Aust Nominees Pty Ltd	1.89		0.75
14 Citicorp Nominees Pty Limited	1.62		0.64
15 Vanez Holdings Pty Ltd	1.61		0.64
16 Sydney Fund Managers Limited	1.50		0.59
17 Marford Group Pty Ltd	1.30		0.52
18 UBS Nominees Pty Ltd	1.28		0.51
19 Citicorp Nominees Pty Ltd	1.26		0.50
20 HSBC Custody Nominees (Australia) Limited	1.20		0.48
<b>TOTAL</b>	<b>104.83</b>		<b>41.56</b>

MARKET STATISTICS			
Share Price	\$0.72 A\$/sh	Directors	
Issued Capital		L Shervington	Ch'n
		M Scott	MD
FP Ord	252.3 m	G Hancock	Exec Dir
Opt (@ \$0.43/sh ave)	19.4 m	C Porter	Non Exec Dir
		S Abbot	Non Exec Dir
<b>Total Dil. FPOrd</b>	<b>271.7 m</b>		
Market Capitalisation	\$179m	<b>Shareholders</b>	
Enterprise Value	\$115 m	Acorn Capital	5.5%
Debt	nil	RAB Capital	5.0%
Cash	\$64 m		



# Cooper Energy Limited

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**EUROZ**

SECURITIES LIMITED

AUSTRALIAN RESEARCH

COOPER ENERGY LIMITED (COE)		YEAR END 30 JUNE				
		A\$m	A\$/sh			
<b>ASSET VALUATION</b>						
Western Flank Fields (25%)		53	0.19			
Worrior (30%)		9	0.03			
South Madura PSC		15	0.06			
Seruwai PSC		34	0.13			
Bargou PSC		22	0.08			
Hammamet PSC		29	0.11			
Investments		4	0.01			
Working Capital		10	0.04			
Corporate		(7)	(0.03)			
Exploration		25	0.09			
Unpaid Capital		17	0.06			
Debt		-	-			
Cash		64	0.24			
<b>Total @ 10% nom</b>		<b>275</b>	<b>1.01</b>			
<b>Total @ 0% nom</b>		<b>291</b>	<b>1.07</b>			
<b>Total @ 5% nom</b>		<b>282</b>	<b>1.04</b>			
<b>Total @ 15% nom</b>		<b>269</b>	<b>0.99</b>			
<b>Valuation @ spot (10% nom)</b>		<b>304</b>	<b>1.12</b>			
<b>Valuation @ 10 year average (10% nom)</b>		<b>245</b>	<b>0.90</b>			
<b>FORECAST PRODUCTION</b>						
Attrib. Prod'n (mboe)						
Western Flank fields	138.8	148.3	249.0	333.6	308.8	
Worrior	118.1	65.7	146.6	99.9	80.9	
<b>Total Attrib (mboe)</b>	<b>256.9</b>	<b>214.0</b>	<b>395.6</b>	<b>433.5</b>	<b>389.7</b>	
<b>Assumptions</b>						
Avg Oil Price (US\$/bbl)	63.3	95.0	89.0	82.5	70.0	
US\$:A\$	0.78	0.92	0.89	0.88	0.83	
<b>Cash Cost (A\$m)</b>						
Western Flank fields	19.2	20.0	20.0	20.0	20.0	
Worrior	33.2	35.0	35.0	35.0	35.0	
<b>Ave Cash Cost (A\$/boe)</b>	<b>25.6</b>	<b>24.6</b>	<b>24.3</b>	<b>23.5</b>	<b>23.1</b>	
<b>Ave Total Cost (A\$/boe)</b>	<b>35.1</b>	<b>42.2</b>	<b>40.2</b>	<b>30.5</b>	<b>31.8</b>	
<b>RATIO ANALYSIS</b>						
CF (A\$m)	2	17	24	23	16	
CF / Sh (Ac/sh)	1	6	9	8	6	
CF Ratio (x)	53	-	8	9	12	
Earnings (A\$m)	6	7	12	15	11	
EPS (Ac/sh)	3	2	4	5	4	
EPS Growth (%)	-41%	0%	31%	22%	-22%	
Earnings Ratio (x)	23	-	16	13	17	
E'prise Val. (A\$m)	107	120	120	134	146	
EV : EBITDA (x)	10	-	5	5	8	
EV : EBIT (x)	16	-	8	8	11	
Net Debt / ND+Eq (%)	-45%	0%	-123%	-93%	-70%	
Interest Cover (x)	n/a	-	n/a	n/a	n/a	
EBIT Margin (%)	33%	0%	38%	44%	42%	
ROE (%)	11%	0%	11%	16%	14%	
ROA (%)	12%	0%	13%	17%	15%	
Div. (Ac/sh)	-	-	-	-	-	
Div. payout ratio	-	-	-	-	-	
Div. Yield	-	-	-	-	-	
Div. Franking	-	-	-	-	-	
<b>OIL RESERVES (2P)</b>						
		<b>Oil</b>	<b>Gas</b>	<b>Total</b>		
		<b>mmbbls</b>	<b>bcf</b>	<b>mmboe</b>		
Western Flank fields		1.5	-	1.5		
Worrior		0.8	-	0.8		
<b>Total</b>		<b>2.3</b>	<b>-</b>	<b>2.3</b>		
<b>EV / boe (A\$)</b>				<b>50</b>		

PROFIT & LOSS	2007a	Jun H'08f	2008f	2009f	2010f
Oil Equivalent Sales	20	21	40	40	32
Deferred Revenue	-	-	-	-	-
Interest Revenue	1	2	3	4	3
Other Revenue	0	-	0	-	-
<b>TOTAL REVENUE</b>	<b>22</b>	<b>24</b>	<b>44</b>	<b>43</b>	<b>35</b>
Operating Costs	7	5	11	10	9
Dep/Amort	2	4	5	3	3
Writeoffs (explor)	1	3	5	5	2
Corp O/H	3	2	4	4	4
Provisions	1	-	-	-	-
EBITDA	11	14	26	25	19
EBIT	7	7	15	17	13
Interest Expense	-	-	-	-	-
NPBT	8	10	19	21	16
Tax	3	3	6	6	5
NPAT	6	7	12	15	11
Minority Interest	-	-	-	-	-
<b>NET PROFIT</b>	<b>6</b>	<b>7</b>	<b>12</b>	<b>15</b>	<b>11</b>
Net Abnormal Loss after Tax	-	-	-	-	-
<b>Net Profit After Abnormal</b>	<b>6</b>	<b>7</b>	<b>12</b>	<b>15</b>	<b>11</b>
<b>DIVISIONAL EBIT</b>	<b>2007a</b>	<b>Jun H'08f</b>	<b>2008f</b>	<b>2009f</b>	<b>2010f</b>
Western Flank fields	7	9	16	23	18
Worrior	4	3	8	4	2
Other (Corp & Expl'n)	(4)	(5)	(9)	(9)	(6)
<b>Total EBIT</b>	<b>7</b>	<b>7</b>	<b>15</b>	<b>17</b>	<b>13</b>
<b>CASHFLOW</b>	<b>2007a</b>	<b>Jun H'08f</b>	<b>2008f</b>	<b>2009f</b>	<b>2010f</b>
+ Net Profit	6	7	12	15	11
+ Working Capital Adjustment	(4)	5	-	-	-
+ Dep/Amort	2	4	5	3	3
+ Provisions, W/O	2	3	5	5	2
+ Tax Expense	3	3	6	6	5
- Tax Paid	6	4	5	6	6
- Deferred Revenue	-	-	-	-	-
<b>= Operating Cashflow</b>	<b>2</b>	<b>17</b>	<b>24</b>	<b>23</b>	<b>16</b>
-Capex + Development	3	3	6	3	3
-Exploration	6	20	31	35	25
-Assets Purchased	-	-	4	-	-
+Asset Sales	-	-	2	-	-
+Other	(6)	-	-	-	-
<b>= Investing Cashflow</b>	<b>(14)</b>	<b>(23)</b>	<b>(39)</b>	<b>(38)</b>	<b>(28)</b>
+ Equity Issues (Rts,plc,opts)	1	-	58	-	-
+Loan Drawdown/Receivable	-	-	-	-	-
+Other	-	-	-	-	-
-Loan Repayment	-	-	-	-	-
-Dividends	(1)	-	-	-	-
<b>= Financing Cashflow</b>	<b>2</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>-</b>
<b>Period Surplus</b>	<b>(10)</b>	<b>(5)</b>	<b>44</b>	<b>(15)</b>	<b>(11)</b>
Adj. FX effects	(1)	-	-	-	-
<b>CASH</b>	<b>15</b>	<b>59</b>	<b>59</b>	<b>44</b>	<b>33</b>
<b>BALANCE SHEET</b>	<b>2007a</b>	<b>Jun H'08f</b>	<b>2008f</b>	<b>2009f</b>	<b>2010f</b>
<b>Assets</b>					
Cash	15	59	59	44	33
Current Receivables	8	20	20	20	20
Other Current Assets	1	-	-	-	-
Non-Current Assets	30	40	40	39	39
<b>Total Assets</b>	<b>54</b>	<b>119</b>	<b>119</b>	<b>104</b>	<b>91</b>
<b>Liabilities</b>					
Borrowings	-	-	-	-	-
Current Accounts Payable	3	9	9	9	9
Non-Current Liabilities	2	3	3	3	3
Other Liabilities	1	-	-	-	-
<b>Total Liabilities</b>	<b>5</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Net Assets</b>	<b>49</b>	<b>107</b>	<b>107</b>	<b>92</b>	<b>80</b>

Resources Quarterly ▶ March 2008

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