

COOPER ENERGY SECURES KEY OFFSHORE STAKE IN CAMBODIA BLOCK B

Cooper Energy Limited (ASX: COE) through its wholly owned subsidiary CE Cambodia B Ltd, has taken a significant step in the growth of its international asset portfolio after signing the Petroleum Agreement for a 10% interest in a highly sought-after offshore exploration block in Cambodia.

Cooper has purchased the 10% equity stake in Offshore Block B from a Malaysian-controlled company, Resourceful Petroleum Limited. The other participants are PTTEP (Thailand National Oil Company) with 30% (operator), Resourceful Petroleum (30%), and SPC Cambodia Limited (30%).

Cambodia has recently been in the international spotlight for oil and gas exploration after re-defining its offshore blocks, making five new areas available (Blocks B to F) following the award of Block A to Chevron and its partners in March 2002. In January 2005, Chevron announced that it had discovered oil in four exploration wells and gas in one well during a 6-well program in Block A, north of Block B.

The cost of the acquisition is US\$800,000 with the cost of the planned 3-year work program comprising data review, a 200 sq km 3D seismic acquisition and one exploration well estimated at US\$500,000 net to Cooper – to be funded from Cooper's cash reserves, which stood at a record A\$22 million at 30 June 2005.

Cooper Energy's CEO, Mr Mike Scott, said the acquisition represented a significant addition to the Company's exploration portfolio, giving it exposure to an emerging oil and gas province.

"Several exploration plays and leads have already been identified within Block B, and the petroleum potential of the area is being demonstrated by the oil and gas discoveries made by Chevron just to the north," Mr Scott said. "This acquisition advances our international growth strategy and is testament to the quality of our technical team, which has been able to secure this high-value opportunity in Cambodia in a competitive international environment."

Cambodia has no current oil or gas production, and exploration activities in the country are still in their infancy. However, the oil discoveries announced earlier this year by Chevron in Block A – where four wells drilled last year intersected oil columns ranging from 41-139 feet – have attracted significant international interest and sparked increased exploration activity. Chevron's Kaoh Tang wildcat well flowed at up to 1,180 barrels of oil per day.

Cambodian Government officials have recently been quoted as saying that estimated recoverable reserves within the 6,278 sq km Block A are up to 400 million barrels of oil and 3-5 trillion cubic feet (Tcf) of gas.

"Clearly, we can not draw any definitive conclusions from these comments, but preliminary evaluations indicate that Block B should also have significant exploration potential," Mr Scott said. "In common with most exploration prospects in the Thai Basins, 3D seismic is required to mature these plays and leads for drilling," he added. "The joint venture expects to spend the first year (2005/06) collating and interpreting existing data, the second year (2006/07) acquiring high-quality 3D seismic, followed by the drilling of an exploration well in the third year (2007/08).

"Even a relatively small discovery would have a very significant impact on the value of Cooper Energy," he added. "Moreover, there are multiple targets in Block B, making this a substantial, long-term offshore exploration opportunity."

Covering an area of 6,551 sq km, Block B overlies the south-eastern extension of the Khmer Basin, a proven petroleum system in the Gulf of Thailand which is a sub-basin of the prolific Malay-Thai Basin that produces the majority of Thailand's hydrocarbons.

Cooper's acquisition of the 10% interest in Block B follows its recent success in securing other offshore assets, leveraging of the strong cash flow generation of its core Cooper Basin oil assets in Australia.

BACKGROUND INFORMATION

Cooper Energy Limited (ASX: **COE**) is a successful Australian-based oil and gas production and exploration company with a strong growth focus. Based in Perth, Western Australia, Cooper Energy is listed on the Australian Stock Exchange.

Cooper posted an unaudited record net profit of A\$12 million for the 2004/05 financial year on oil sales revenue of \$25 million generated from the production of 368,086 barrels of oil from its Cooper Basin operations. At financial year-end, the Company had cash reserves of A\$22 million, no debt and no hedging, providing full exposure to the strong oil price environment.

Cooper's strategy is to leverage off the strong cash generation of its Cooper Basin operations to build a substantial international oil & gas portfolio that will underpin its next stage of growth. Significant acquisitions have already been announced in Morocco and Tunisia in North Africa, as well as in Cambodia, and the Company is targeting additional oil and gas opportunities in South East Asia and North Africa.

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