

COOPER ACQUIRES 45% STAKE IN SOUTH MADURA ONSHORE PSC, EAST JAVA, INDONESIA

Cooper Energy Limited (ASX code: **COE**) today announced its most significant international acquisition to date, after acquiring 50% of South Madura Exploration Pte Ltd that holds 90% of the rights and obligations in the South Madura Production Sharing Contract (PSC) ("the PSC"). The PSC is a high-potential onshore block covering the south of Madura Island, Indonesia, which is surrounded by a number of major oil and gas fields in the East Java Basin. The first onshore well in the PSC is expected to be drilled in this block in early 2006.

The South Madura PSC (*see attached map*) is located in East Java, approximately 120 km northwest of Bali, immediately to the north of the Jeruk and Oyong oil and gas discoveries. The PSC also lies close to ExxonMobil's recently announced Banyu Urip discovery in East Java.

Cooper Energy's CEO, Mr Michael Scott, said the Company had identified several leads and prospects at the Ngrayong and Kujung geological levels.

"At the Kujung carbonate level there appears to be a reef structure, which may be analogous to the Jeruk Field, Mr Scott said "The reef prospect has been previously overlooked because it lies in the transition between the onshore and offshore exploration areas. At the shallower Ngrayong sandstone level, an existing well on the block encountered a 4 metre gas sand, but this was not tested as gas was not considered economic at the time. This discovery may represent an economic gas field pending further evaluation."

"Both the Kujung carbonate and the overlying Ngrayong sandstone prospects can be tested by a single well which will be the priority focus of our proposed exploration drilling program. Should the exploration well be successful there are a large number of follow-up targets in the PSC at all hydrocarbon play levels." Mr Scott went on. "Significantly, the onshore location of the South Madura PSC means that the cost of exploration drilling and development is considerably lower than that for offshore fields. The PSC's proximity to Surabaya, the second largest city in Indonesia, enhances the range of marketing options."

"The South Madura PSC is located in the heart of one of the most prolific oil and gas regions with several major discoveries announced in the last few years in the East Java Basin." he added.

The Santos Oyong and Jeruk Fields to the south of the PSC are two of the significant discoveries in the area in recent times. The Oyong Field (with reported reserves of 15 million barrels of oil and 120 Bcf of gas) is currently under development with first oil production due in late 2005/early 2006. It has been reported that the Jeruk Field had pre-drill undiscovered reserves of 170 million barrels of oil.

To the west of the PSC, ExxonMobil's Banyu Urip discovery has reported recoverable oil in excess of 250 million barrels, making it one of the most significant oil discoveries in Indonesia in the past decade.

The farm-in to the PSC will cost Cooper Energy US\$1.5 million, made up of past costs, vendor consideration and PSC contractual payments. Going forward, Cooper Energy will pay 50% of the cost of a US\$8.9 million work program (Cooper Energy share: US\$4.5 million) comprising seismic and wells.

Cooper Energy will fund its share of acquisition and exploration expenditures from cash reserves.

Mr Scott said the first well is expected to be drilled in the South Madura PSC early in 2006 following seismic processing and interpretation. The seismic work will also define the follow-up targets within the PSC at all play levels.

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\$11 million after tax 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 and gas portfolio that will underpin its next stage of growth. Significant acquisitions have already been announced in Morocco, Tunisia and Cambodia, and the Company is continuing to target new oil and gas opportunities in its two focus areas of South East Asia and North Africa.

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