

COOPER ENERGY'S PROFIT AND PRODUCTION RESULT

HEALTHY INTERIM PROFIT AND PRODUCTION POSTED WITH RECORD PRODUCTION REVENUE IN SIGHT

- Half year production up 43% to 181,648 barrels when compared to 2006.
- Production revenue up 93% to \$18.8 million when compared to 2006.
- Half year net profit after tax up 187% to \$5.3 million when compared to 2006.
- Further production boost expected in April with Parsons Oil Field and Callawonga flowline start-up.
- Upper end of budget of 350,000 barrels of oil expected to be reached for 2007/08.
- On track to achieve potential record oil production revenue result.

Cooper Energy Limited (ASX: COE) has posted a strong **half year net profit after tax of \$5.3 million** (2006: \$1.8 million) resulting from the **production of 181,648 barrels of oil** (2006: 127,193 barrels of oil) and **production revenue of \$18.8 million** (2006: \$9.7 million).

Profit before tax increased to \$8.9 million (2006: \$2.6 million) and EBITDAX (earnings before interest, tax, depreciation and amortization) increased to \$11.9 million (2006: \$4.3 million).

Production through October to December 2007 was boosted by additional production that resulted from the successful appraisal and development drilling programs on the Callawonga and Worrior Oil Fields in South Australia's Cooper Basin. The infill wells boosted production by approximately 800 barrels of oil per day at a time of continuing high buoyant oil prices.

The infill drilling is also expected to boost Cooper Energy's recoverable oil portfolio with the end of financial year update expected to result in greater than one million barrels of developed recoverable oil (P50). "The infill drilling program was an outstanding success which boosted production and recoverable oil, laying the foundations for another strong year of revenue and profit for the Company," said Cooper Energy's Managing Director, Mr Michael Scott.

"At this time our production levels are around 1,500 barrels of oil per day, which has placed upward pressure on our production budget. We now expect to produce 350,000 barrels of oil, which is at the upper end of our annual production budget," Mr Scott added.

With production revenue of A\$18.8 million in the first half of the financial year – nearly double the level of the previous corresponding period (2006: \$9.7 million) – and production in the second half expected to be equal or better than the first half, coupled with continuing high oil prices, Cooper Energy is in a strong position to exceed the A\$32.6 million in oil sales achieved in FY2006. "Subject to the normal operational risks, we are well placed to potentially generate more production revenue than last year, thereby achieving a new oil production sales record," Mr Scott said.

In parallel to the Company's appraisal and development well success at its producing oil fields, the Parsons-1 exploration well discovered the Parsons Oil Field towards the end of 2007 and first production is expected to commence in April 2008. "Parsons-1 had a clean-up flow of 3,362 barrels of oil per day, which should add at least another 800 barrels per day to Cooper Energy's production levels once the oil field is on-line," Mr Scott said.

A further production enhancement is expected when the Callawonga flowline, which is currently under construction, is commissioned, also in April 2008. "The Callawonga flowline will provide two main benefits to the Company – as the flowline will reduce the need for long-term trucking, it should be able to primarily provide an uninterrupted production stream that is sheltered from weather and road mechanical downtime and, secondly, it will be a more cost effective off-take mechanism thereby reducing production costs," Mr Scott said.

"As part of our broader strategy of enhancing our growth options, Cooper Energy has also stepped into the international arena in search of materially larger oil and gas fields, and this has come with commensurately higher costs. As this broader growth strategy gathers momentum, it is extremely pleasing to see that our domestic production continues to underpin our growth aspirations to the extent that we continue to post healthy profit results."

Cooper Energy's next international well is the Gurame-1X gas field appraisal well in North East Sumatra, Indonesia. The well is expected to spud around the end of March 2008 and the Company is hoping that a successful production test will initiate its first international development.

On the domestic front, Cooper Energy is also looking forward to spudding Parsons-2 in the Cooper Basin in March 2008. Parsons-2 is an appraisal/development well on the Parsons Oil Field and, if successful, is expected to add further production capacity and recoverable hydrocarbons to Cooper Energy's oil portfolio.

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