

COOPER DELIVERS 37% OIL PRODUCTION SURGE

- **December Quarter oil production of 73,512 barrels, reflecting tie-in of Callawonga field.**
- **Oil sales of A\$4.4M with working capital of A\$22.9M at end of Quarter.**
- **Strategic 6.64% shareholding acquired in Sydney-based oil and gas company, Mosaic Oil NL.**
- **Major 277km² 3D seismic acquisition completed in PEL92 (Cooper Basin), with processing underway to generate drillable prospects.**
- **Civil works underway for Kurnia-1 well in Indonesia – targeted for drilling in early 2007.**

Australian-based oil and gas producer Cooper Energy Limited (**ASX: COE**) has begun to reap the production benefits of last year's Callawonga oil discovery in the Cooper Basin with the tie-in of the new field in November helping to underpin a **37% increase** in net oil production for the December 2006 Quarter to **73,512 barrels** (September Quarter: 53,681 barrels).

The strong quarterly production performance comes ahead of an active period for Cooper Energy in 2007, with the Perth-based Company moving towards drilling of the high-potential **Kurnia-1 well** in Indonesia, recently completing a major **3D seismic acquisition program** in the Cooper Basin and planning an intensive exploration and development drilling schedule with the potential to add significant value for shareholders.

Complementing its core exploration and production focus in Australia and internationally, the Company also recently announced the acquisition of a strategic 6.64% shareholding in Sydney-based oil and gas company Mosaic Oil NL, deploying a portion of the available cash held by the Company. Cooper Energy views its shareholding in Mosaic as a strategic, long-term investment, and regards the business and assets of Mosaic as complementary to its own.

Production from the Cooper Basin operations generated oil sales of A\$4.4 million for the December Quarter, representing a slight reduction on the \$4.9 million generated in the September Quarter due to a lower oil price and stronger Australian Dollar.

Working capital remained strong at A\$22.9 million at the end of the Quarter. Cash reserves were reduced to A\$17.6 million (A\$25.2 million at the end of the September Quarter), reflecting a number of large payments made during the Quarter including the acquisition of the interest in Mosaic Oil (A\$5.14 million), a tax payment of A\$1.9 million and development and exploration expenditure for the Callawonga-1 and Kurnia-1 wells.

The commencement of production from Callawonga-1, at an average rate of **1,448 barrels of oil per day**, will assist in enhancing Cooper Energy's annual production volumes. The Company has established a production budget of 275,000 barrels of oil for the full 2006/07 financial year and is currently on track to meet this target.

Callawonga was one of two new Cooper Basin oil discoveries during 2006 in PEL92, in which Cooper holds a 25% interest. The speed with which the Callawonga discovery was brought into production and the prospectivity of the area – which also hosts the producing Christies, Sellicks, Silver Sands and Worrior fields – underscores the potential for further additions to the Company's oil reserve inventory and future production in this prospective region.

Cooper Energy's Managing Director, Mr Michael Scott, said the recently completed 277km² 3D seismic survey in PEL92 represented a major step forward for exploration in the permit. "The large 3D seismic survey will be used to identify additional oil prospects close to the existing Christies and Sellicks fields, similar to the recent Callawonga and Silver Sands discoveries. Once identified, it is intended to drill these prospects later in 2007," he said.

"Internationally, our main focus is on the exciting South Madura Production Sharing Contract, where civil works commenced during the Quarter to prepare access and drilling pad preparation for the forthcoming Kurnia-1 well," he added. The Operator is in the process of locating a suitable rig to coincide with the casing delivery in March 2007, with a firm spud date to be announced once the rig has been contracted.

"Kurnia-1 is a potential company making well and will target undiscovered reserves of **256 billion standard cubic feet of recoverable gas** and **199 million barrels of recoverable oil** (both estimates at a P50 confidence level)," Mr Scott said.

"With a strong balance sheet, a strong production base in Australia, an exciting domestic and international exploration portfolio and a strong focus on generating shareholder value, 2007 will be an important year for Cooper Energy in which we will seek to elevate the Company to the next level within the junior oil and gas sector in Australia."

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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. The company was listed on the ASX in March 2002.

During the 2005-06 financial year, Cooper Energy posted a net profit of A\$9.4 million after tax with record oil sales revenue of \$32.6 million generated from the production of 354,086 barrels of oil from its Cooper Basin operations. At the end of the same period, the Company had cash reserves of A\$26 million, no debt and no forex or oil price hedging, providing full exposure to a strong oil price environment.

Cooper Energy's strategy is to leverage off the strong cash generation of its Cooper Basin operations to build a substantial risk managed Australian and international oil and gas portfolio that will underpin its next stage of growth.

The Company is continuing to seek new oil and gas opportunities in its focus areas of Australia, South East Asia and North Africa and is working to mature its exploration portfolio in order to deliver high quality prospects for drilling.

Cooper Energy's primary objective is to "Create Shareholder Wealth" and the outstanding consistent results to date demonstrate Cooper Energy's commitment to this objective.

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