

## Cooper Energy Limited

Buy

### Cooper's leverage into the big time?

**Date**

25 July 2005

**ASX Code**

COE

**Share Price**

27.5cps

**Market Cap (fully diluted)**

\$37.6m (\$40.3m)

**Issued Capital (fully diluted)**

136.9m shares (146.7m)

**Cash (as at 30 June 2005)**

\$19.3m

**Management**

Laurie Shervington (Chairman)  
Michael Scott (Managing Director)

**Top Two Shareholders**

National Nominees Limited (6.25%)  
Westpac Custodian Nominees Limited (5.15%)

**Analyst**

Andrew Rowell  
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*Cooper Energy Limited ("Cooper", "COE") has used its strong balance sheet and management experience to make its first significant overseas business development move by acquiring a stake in an offshore license in Cambodia. The recently released block is adjacent to one held by a JV headed by Chevron that has reportedly discovered substantial quantities of oil and gas. Based on a conservative probability of success, we believe that the speculative exploration value of this prospect could be worth multiples of the current market capitalisation.*

### Cambodia – Block B

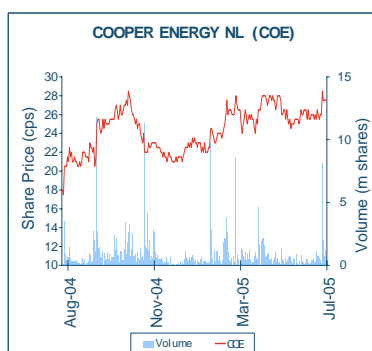
- Cooper has announced that it has purchased a 10% stake in offshore Block B (Figure 1) from Malaysian company Resourceful Petroleum Limited. The deal is subject to the approval of the Cambodian Government. The names of the participants in the Joint Venture have yet to be disclosed due to ongoing negotiations but we believe that the chosen operator will be a major low cost exploration and production company.
- Block B covers an area of approximately 6,551km<sup>2</sup>. The block is located about 250km off the coast of Cambodia, to the east of the Thai-Cambodian Overlapping Claims Area. A primary geological study indicates natural gas and crude oil potential. The JV plans to conduct a 200km<sup>2</sup> seismic survey and drill an exploration well in the first three years of the exploration period.
- Block B is only the second operating license to be issued by the Cambodian Government. Farm in to the block was eagerly pursued by several major exploration and production companies.
- Neighbouring Block A, is owned by Chevron (55%, operator), Japan's Mitsui Oil Exploration Co.(30%) and LG-Caltex Oil Corp. (15%). The joint-venture exploring Cambodia's Block A announced earlier this year it had found oil (4-5 wells drilled) and was studying the economic viability of the find. The block is believed to be the impoverished country's first significant oil discovery. The find, within the Khmer Trough, may hold as much as 400 million barrels of crude and 3-5 trillion cubic feet of natural gas, a Cambodian energy official said last year.

### Summary

We believe that this deal will be the start of Cooper's strategy of utilising its strong balance sheet and cashflow to fund exploration in large-target regions. Once the market is more fully informed of the potential of this field and the structure of the deal, we anticipate appreciation in the share price.

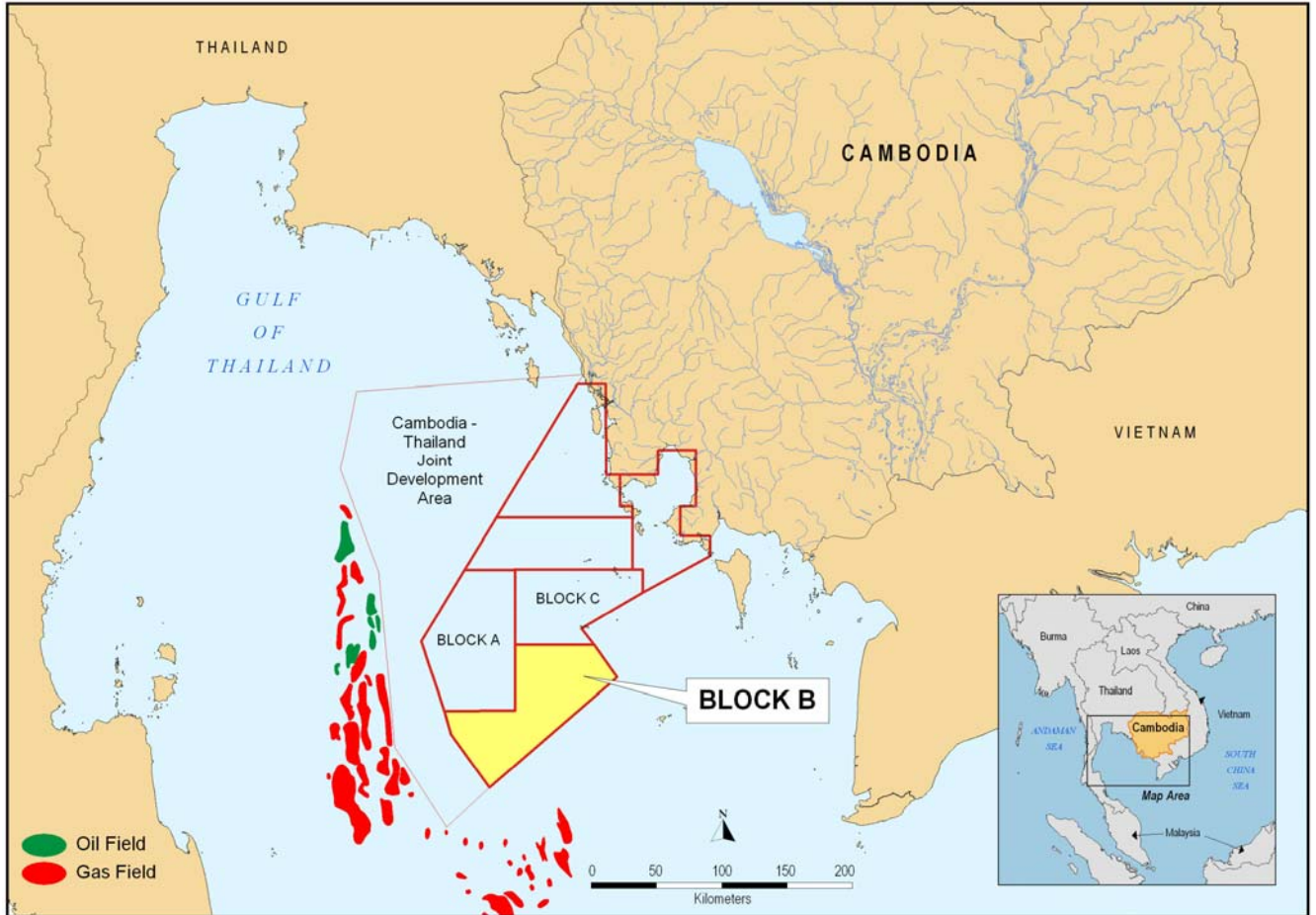
Cooper has done an excellent job at realising its strategy and making discoveries in its early years. It has gone from listing, through discovery and into production in a short timeframe. The company has a very active exploration programme planned for 2005/06, with a mixture of medium and high risk wells. We believe that the company's disciplined overseas business development strategy has the potential to deliver exceptional returns. With the strong management and technical team and self funding cashflow, the company has the knowledge and financial strength to further explore its permits and consider other new ventures. We rate Cooper Energy as a **Buy**.

**Share Price Performance**



Source: IRESS

Figure 1: Block B Location Plan



Source: Cooper Energy

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## Hartleys Recommendation Categories

Strong Buy	Significant share price appreciation anticipated
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but is considered high risk
Accumulate	Buy in periods of weakness
Hold	Take no action
Reduce	Sell in periods of strength
Sell	Significant price depreciation anticipated

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