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## ASX Announcement

Friday, 07 October 2011

COE071011A

### Representation of Cooper Energy Operating Cash Flow

Mr Eddie Smith has sent a letter dated 3 October 2011 to the shareholders of Cooper Energy Limited (COE) in which the directors are of the view he makes **incorrect statements**.

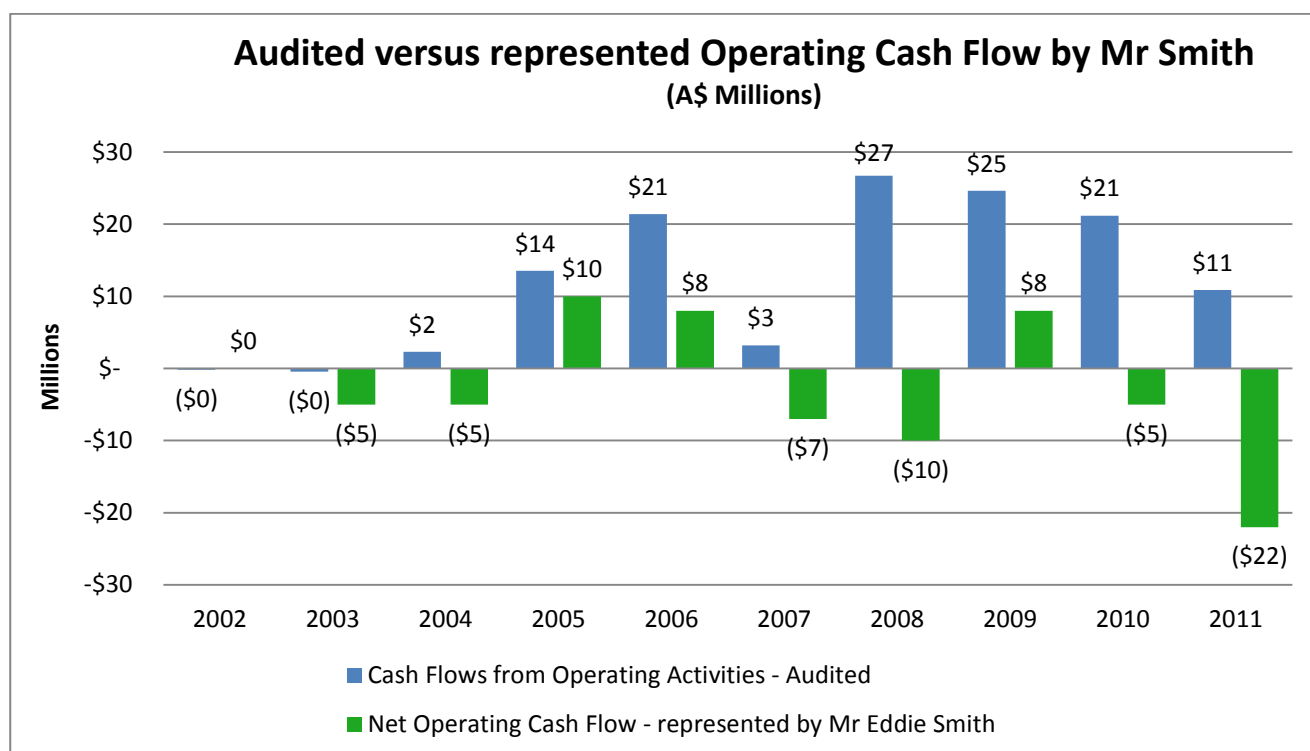
Cooper Energy wishes to take the opportunity to correct these statements.

On a graph attached to the letter he states "Cashflow Positive for only three out of ten years".

**This statement is incorrect.**

Cooper Energy **has been operating cash flow positive for the each of the past 8 years.**

The following graph illustrates the "Net Operating Cashflow" as represented by Mr Smith compared with the Cash Flows from Operating Activities from the annual audited accounts.



The definition of Operating Cash Flow is "The Principal revenue from the producing activities of an entity and other activities that are not investing or financing activities".

Expenditure on exploration and developing oil properties are not operating activities. This is expenditure to find and develop producing activities.

A summary of the audited Cash Flow of the Company extracted from the Audited Financial Statements since 2002 is:

Receipts from sale of oil	\$246,712,000
Interest received	\$19,047,000
Payments to suppliers and employees	\$(115,668,000)
Income tax paid	\$(26,874,000)
<b>Cash from Operating Activities</b>	<b>\$123,217,000</b>
Exploration expenditure	\$(97,493,000)
Oil properties infrastructure	\$(35,678,000)
Other activities	\$1,833,000
Funds from issue of shares	\$80,478,000
<b>Cash and term deposits on hand at 30 June 2011</b>	<b>\$72,357,000</b>

To the cash and term deposits must then be added the value of "Oil properties" (including the proven and probable reserves) exploration and evaluation assets to get an accurate assessment of the performance of the Company.

The oil properties include 2.47 million barrels<sup>1</sup> of proved plus probable recoverable oil (at 30 June 2011) and exploration and evaluation assets which together with the cash will yield considerably more than the \$80.48 million cash invested by shareholders.

Cooper Energy provides this information to ensure the market and shareholders are fully informed on the incorrect statements contained in the letter from Mr Smith to shareholders dated 3 October 2011.

Regards,  
**Cooper Energy Limited**

Ian Gregory  
**Company Secretary**

<sup>1</sup> In relation to any reported recoverable hydrocarbons, pursuant to the requirements of the ASX Listing Rules 5.11, 5.11.1, 5.12 and 5.13, the reported recoverable hydrocarbon estimates are based on information compiled by Mr Trevor Magee. Mr Magee holds a Bachelor of Science and is a member of the American Association of Petroleum Geologists, the Petroleum Exploration Society of Australia and the Formation Evaluation Society of Australia. Mr Magee has worked in the industry as a practising petroleum geologist for over 30 years. Mr Magee is employed full-time by Cooper Energy as its Chief Geologist and has consented in writing to the inclusion in the report of the matters based on the information in the form and context in which it appears.

#### **Disclaimer**

*The information in this announcement:*

- *Is not an offer or recommendation to purchase shares in Cooper Energy Limited or to retain or sell any shares that are currently held.*
- *Does not take into account the individual investment objectives or the financial situation of investors.*
- *Was prepared with due care and attention and is current at the date of the presentation.*
- *Before making or varying any investment in shares of Cooper Energy Limited, all investors should consider the appropriateness of that investment in light of their individual investment objectives and financial situation and should seek their own independent professional advice.*