Cooper Energy

QUARTERLY REPORT

For the Quarter Ended 31 December 2011

Highlights

- **New plans and direction**: plans to underpin future growth and financial performance are being quickly implemented by new management. Strong focus on strengths (Australia-onshore, Tunisia), improved capital efficiency and reduced international exploration expenditure.
- **Increased production outlook:** oil production increasing with the re-instatement of the Tantanna oil pipeline. PEL 92 (Cooper Basin) December oil production of 47,873 barrels net to Cooper Energy (equivalent to 563,000 barrels annualised). Cooper Basin oil production guidance increased to more than 500,000 barrels- 23% increase over original budget.
- **Successful PEL 92 (Cooper Basin) exploration:** 3 new discoveries (Rincon, Elliston, Germein) since June 2011.
- **Successful Tunisia farm-out:** Dragon Oil agree to fund the Cooper Energy share of the high value potential Hammamet West-3 well to earn 55% equity.
- **Reduced capital costs:** 2011/12 capital cost outlook reduced 20% from A$40 million to A$32 million.

Managing Director's Comments

"The new plans announced in October 2011 are already delivering improved results with a significantly increased production and revenue outlook, reduced capital expenditure, increased cash flow and the introduction of a valued partner in Tunisia – Dragon Oil.

Cooper Energy is focused on continuing to implement the plan and improving company performance and shareholder returns.

The next six months will be important as we continue to implement the plan and, together with prudent corporate activity, further enhance the Company's existing asset base and future growth".

ASX Code: COE
Capital Structure @ 29 January 2012
Shares on issue: 292,791,528
Options on issue: 600,000
Performance Rights: 5,855,830

Board of Directors
Laurie Shervington – Chairman
David P. Maxwell – Managing Director
Jeffrey W. Schneider – Non Executive Director
Ian Gregory – Company Secretary

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Corporate Activity

Strategic Farm-out (Tunisia) to Dragon Oil

On 10th October 2011 Cooper Energy **("Cooper"** or **"the Company"**) announced the introduction of leading international oil and gas company, Dragon Oil plc. (**"Dragon**"), to the Bargou Permit in offshore Tunisia. Dragon will earn 55% in the Permit by funding the Cooper share of the Hammamet West -3 well up to a total well cost of US$26.6 million.

Successful strategic farm-out to Dragon Oil to advance Hammamet West

If the Hammamet West-3 well is successful Dragon will pay a proportion of Cooper's past costs by funding US$5.07 million in the development phase and become the operator of the Bargou Permit.

Dragon (market capitalization circa £2.7 billion, reserves of 658 million of proved and probable oil and condensate and c 3 trillion cubic feet gas reserves and contingent gas resources) has extensive experience and capability applicable to Tunisia and the Hammamet West-3 well drilling and development.

The Company's analysis of a recent 3D seismic survey over Hammamet West indicates a mid-case (P50) Contingent Resource of 101 million barrels of recoverable oil in the Abiod formation reservoir with further potential in the shallower Birsa reservoir.

New Strategy and Plans

Following a strategic review initiated by the Board of Directors in March 2011, the Company announced on 12 October the resignation of three Directors (Gregory Hancock, Stephen Abbott and Christopher Porter), the appointment of a new Managing Director (David Maxwell) and a new non-Executive Director (Jeffrey Schneider). At the same time the Company announced plans to increase the focus on and grow the Cooper, Otway and Eromanga Basins, develop an Australian gas business, and pursue the valuable Tunisia opportunities. It was also announced that: international expenditure will be reduced; that the best method to maximise shareholder return for the Indonesia, Poland and Romania assets would be reviewed; and corporate activity consistent with the strategy, will be pursued.

Divestments

Review of international assets underway

Consistent with the new plans on 17 November 2011 the Company announced the Farm-in Agreement with Zeta Petroleum Ltd (**"Zeta")** had been terminated which removed any remaining capital exposure up to US$13.6 million associated with the Zeta and Romania agreements. At the time Cooper Energy retained a 17.1% shareholding in Zeta and this has subsequently also been disposed.

The Company is currently evaluating the alternative options to ensure the best return for shareholders from the Indonesia and Poland assets and announcements on the plans for these assets are anticipated by June 2012.

General Meetings

Following the receipt of two requests from shareholders representing between 8.5% and 5.6% of the Company's issued share capital respectively, Cooper Energy had General Meetings on 4 November 2011 and 16 December 2011 to decide on proposed changes to the Board of Directors. The resolutions to change the Directors of the Company were unsuccessful at both meetings.

On 16 December 2011 Cooper Energy also held the Annual General Meeting at which all resolutions were passed. The resolution adopting the Annual Remuneration Report for the purpose of section 250R(2) of the Corporations Act was approved with a 60.9% vote. In his Annual General Meeting address the Chairman (Mr Laurie Shervington) advised he plans to step aside as Chairman at some time in the next 12 months.

Financial

Revenue for the December 2011 quarter was A$13.5 million – an increase of 7% from the September 2011 quarter.

Following the reduction in international expenditure and a review of total company expenditure, the capital cost forecast for 2011/12 was reduced 20% from A$40 million to A$32 million. In the six months to December 2011 capital expenditure has been A$19.9 million.

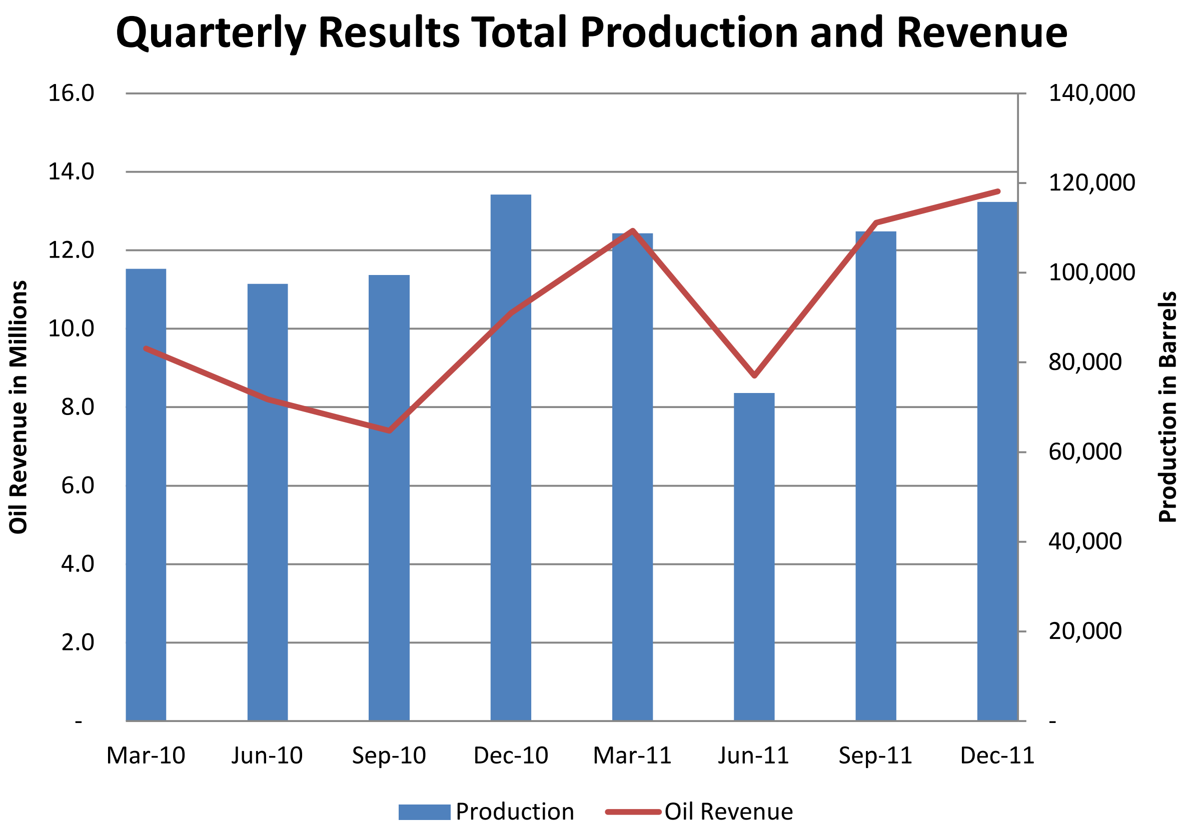
Cash on hand and term deposits at 30 December 2011 was A$68.6 million - a reduction of 8% since the September 2011 quarter.

Activities

Australia

Production – Cooper Basin

Oil production for the December quarter of 112,624 barrels in the Cooper Basin (net to Cooper) exceeded budget expectations and was 6% higher than the September 2011 quarter. The average price received for Cooper Basin crude oil sales was A$114.72 per barrel.



The Tantanna to Gidgealpa oil pipeline transports crude oil produced in PEL 92 to Moomba, South Australia and was shut-down for repairs in April 2011. The pipeline was re-instated in late November 2011 and the PEL 92 production capacity increased from some 4,500 barrels per day (Cooper share 25%) based on road transport to approximately 6,000 barrels per day (Cooper share 25%) in the re-instated pipeline. Production capacity has been further increased with the continuation of some road transport in addition to the oil pipeline.

Annual Cooper Basin production guidance increased 23% to above 500,000 bbls.

The increased PEL 92 oil production capacity has resulted in the December 2011 average oil production of 6,177 barrels per day (Cooper share 25%). On an annual basis this is equivalent to 563,000 barrels of oil for the Cooper Energy share.

On 22 November 2011 the Company announced an 18% increase in the Cooper Basin oil production outlook for the financial year to 480,000 barrels (subject to weather and any unforeseen events). Based on the December production and the current projected production performance the Company expects its share of Cooper Basin oil production to now exceed 500,000 barrels for the 2011/12 financial year (subject to weather and any unforeseen events). This is 23% above the original 2011/12 budget.

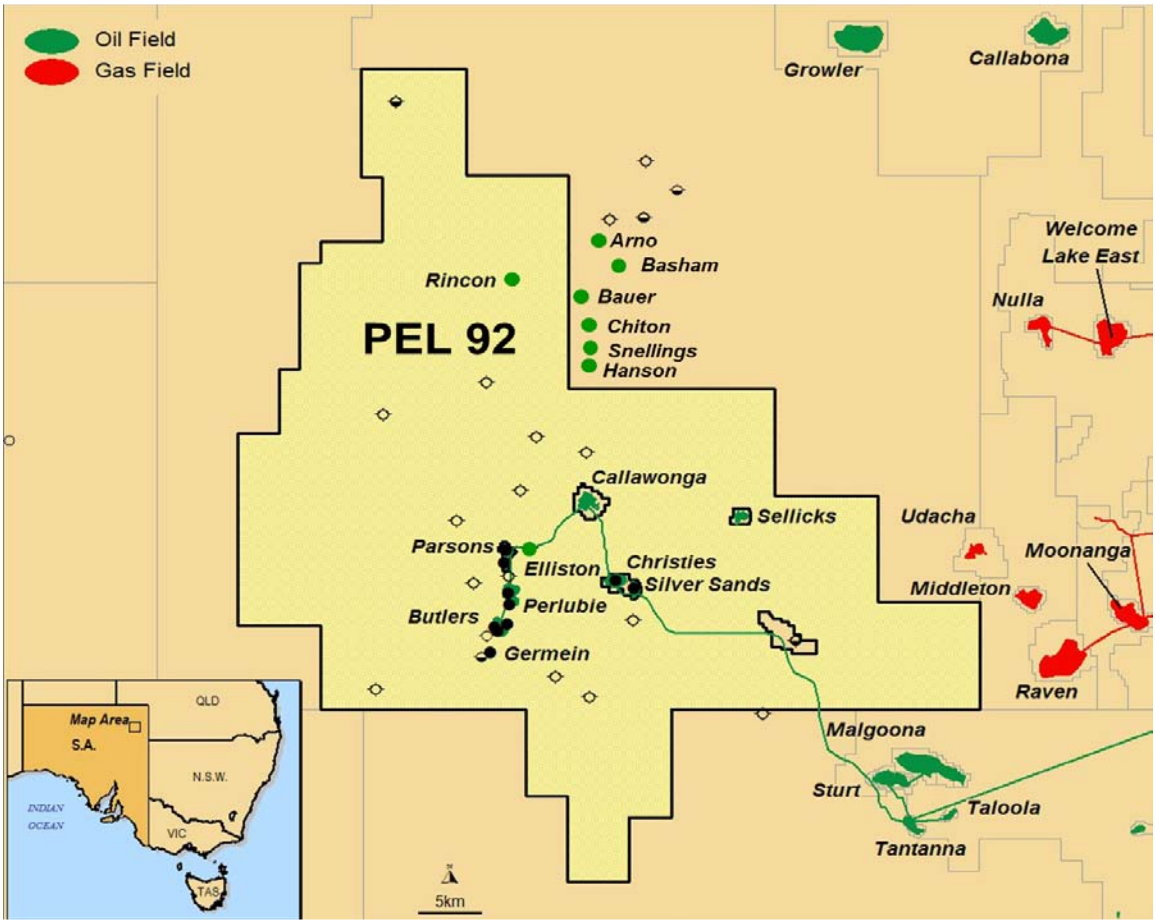
Exploration – Cooper Basin

In PEL 92 the Jaffa-1 exploration well was drilled in November 2011 and was unsuccessful. Jaffa-1 was the ninth exploration well drilled in the PEL 92 permit in 2011 in a program that delivered three new discoveries – Elliston, Germein and Rincon. In 2011 seven appraisal and development wells were drilled in PEL 92 and six were successful.

A 194 km^2 3D seismic survey has been approved over the Rincon oil discovery and the surrounding area in PEL 92. The seismic acquisition which is expected to commence in February 2012 will delineate the Rincon oil field and identify prospects around the Rincon field and just across the border from the recent oil discoveries in PEL 91.

A 54km 2D seismic data survey is also planned to be acquired in PEL 92 to the southwest of the Rincon 3D seismic survey.

Further exploration drilling in PEL 92 is likely in the June 2012 quarter followed by further drilling in the first half of the 2012/13 financial year.



Exploration – Otway Basin

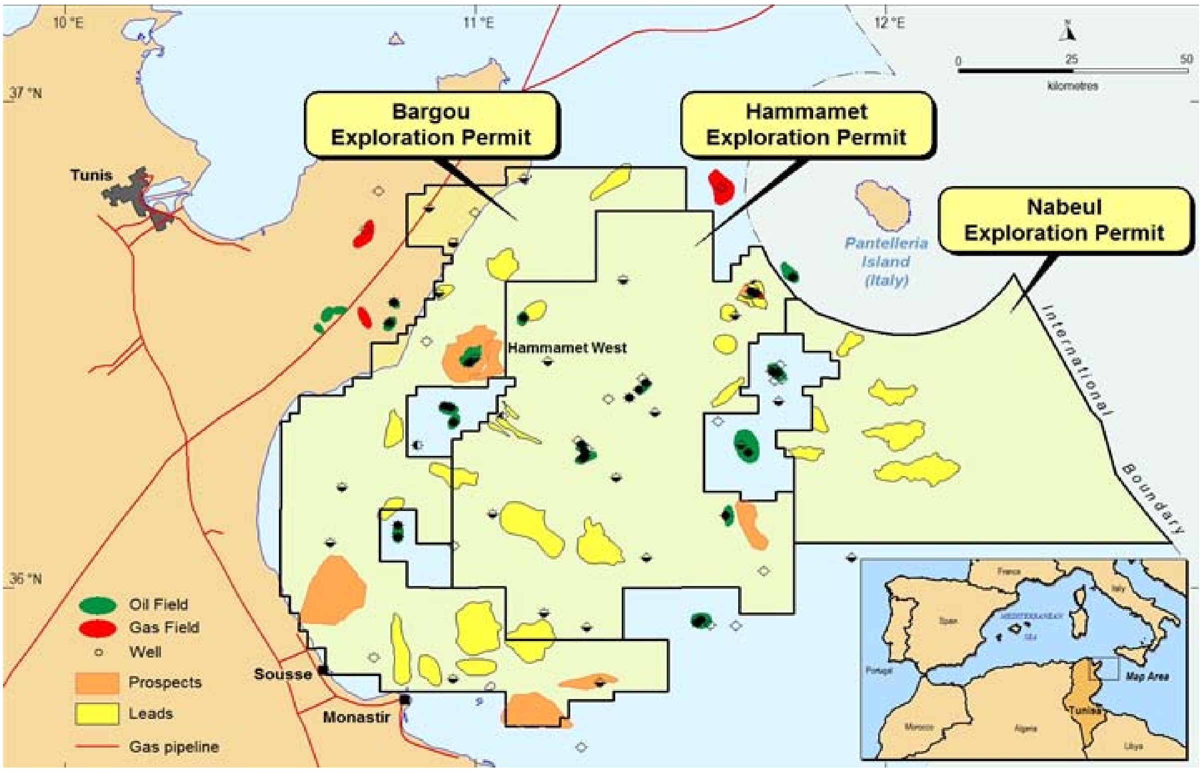
Plans are being implemented for the drilling of an exploration well in PEL 495 in the Otway Basin in the June 2012 quarter subject to drilling rig availability. The well will be paid for by Beach Energy Limited and Somerton Energy Limited and the Cooper interest will reduce to 50%. The well is planned to target both conventional and unconventional hydrocarbons and in particular the Casterton shale.

Tunisia

Exploration – Tunisia

Preparations have commenced for the drilling of the Hammamet West-3 well in the Bargou Permit. The Hammamet West-3 well will include a horizontal well using modern drilling techniques to increase the potential for the reservoir to flow at commercial rates. A fracture study for the Hammamet West-3 well is being undertaken to determine the optimum horizontal drilling path for the well. The fracture study will be a key input to the well basis of design. Drilling of the Hammamet West-3 well is targeted to commence in October 2012 and will depend on rig availability/timing.

The marine 600 km^2 3D seismic survey over the western portion of the Nabeul Permit was completed on time and within budget (US$6.5million). The survey was acquired by CGGVeritas between 13 September 2011 and 15 November 2011. The 3D seismic is now being processed by CGGVeritas in Singapore and it is expected to be available for interpretation in the September 2012 quarter. The high resolution 3D seismic has been acquired to define prospects ahead of selecting and locating the best exploration well to be drilled some time from late 2012 onwards.



Indonesia

Production – Indonesia

The Indonesia oil entitlement for the quarter was 3,470 barrels.

Exploration – Indonesia

A 24 km^2 3D seismic survey was acquired in November in the Sukananti KSO in South Sumatra. The program was designed to provide enhanced structural and stratigraphic definition over the Sukananti Block and is being processed by PT Fugro Indonesia in Jakarta. The data will be available for interpretation during the March 2012 quarter.

Poland

Exploration – Poland

In accordance with the Company's work commitments for the acreage the acquisition of the 524 km Kanina 2D seismic survey across Licences 433 and 434 was completed in December. Processing of the data is expected to be complete in the March 2012 quarter and will be a key input to assessing the future prospectivity and value of these licenses.

Production Summary and Financial Highlights

Description	Units	Full Year 30 June 2011	Half Year 31 December 2010	Quarter 30 September 2011	Quarter 31 December 2011
		Audited	Audited	Unaudited	Unaudited
PRODUCTION					
Group oil produced and sold	Barrels	406,710	216,878	**109,196**	**116,095**
Group sales revenue	A$000	39,121	18,435	**12,679**	**13,514**
LIQUID ASSETS					
Cash and term deposits	A$000	72,358	74,433	**74,826**	**68,589**
GROUP EXPENDITURE					
Exploration	A$000	21,003	6,260	**8,059**	**9,258**
Development	A$000	6,984	1,727	**413**	**2,148**
Production expenses	A$000	8,133	3,656	**2,684**	**3,183**
Royalties	A$000	3,893	1,636	**1,052**	**1,075**
Corporate taxation	A$000	5,637	2,159	**1,291**	**1,398**
GROUP RESULTS					
Working capital (1)	A$000	79,520	89,935	**77,619**	**72,287**
EBITRDAX(2)	A$000	21,797	11,312		
(Loss)/Profit before tax	A$000	(5,489)	5,881		
(Loss)/Profit after tax	A$000	(10,350)	3,551		
CAPITAL					
Issued shares	millions	292.576	292.576	**292.576**	**292,792**
Unlisted Options	millions	11.620	11.620	**1.245**	**0.600**

Notes:

1. *Working Capital is Current Assets less Current Liabilities.*
2. *EBITRDAX = Earnings before interest earned, taxation, royalties, depreciation, amortisation and exploration and other write off's.*

Cooper Energy Licences

Australia	License	COE Equity	Operators	Notes
Cooper Basin	PEL 90 (Kiwi)	25%	Senex	
	PEL 92 (1)	25%	Beach	Oil production
	PEL 93 (1)	30%	Senex	Oil production
	PEL 100	19.16%	Senex	
	PEL 110	20%	Senex	
Otway Basin	PEL 495	50% (2)	Beach	
Tunisia	Bargou	30% (3)	Cooper	
	Hammamet	35%	Storm Ventures	
	Nabeul	85% (4)	Cooper	
Poland	MUA 1 (5)	40%	RWE	
	MUA 2	40%	RWE	
	MUA 3	40%	RWE	
Indonesia	Sukananti KSO	55%	Cooper	Oil production
	Sumbagsel PSC	100%	Cooper	

1. Oil fields are separate licenses delineated from within these original exploration licenses
2. After farm-in by Beach Energy and Somerton Energy who are funding to earn 35% and 15% respectively
3. After farm-in by Dragon Oil and Jacka Resources who are funding to earn 55% and 15% respectively. Includes the Hammamet West oil field
4. Entreprise Tunisienne d'Activites Petrolieres (ETAP-Tunisia Government) can back in up to 50% in the event of a hydrocarbon development
5. Includes Polla field

Disclaimer

The information in this report

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- 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.

Competent Person

- Unless stated otherwise, any statements in this presentation regarding reserves and resources estimates are based on information compiled by Mr Trevor Magee - Chief Geologist and a full time employee of Cooper Energy, holding a Bachelor of Science, and qualified in accordance with ASX Listing rules 5.11 and has consented to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Hydrocarbon Reporting Standard

- Cooper Energy reports hydrocarbons in accordance with Cooper Energy's Hydrocarbon Reporting Guidelines that is freely available from Cooper Energy's website which is (www.cooperenergy.com.au/policies/index.php).