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31 August 2010

The Manager
Company Announcement Office
Australian Securities Exchange

Dear Sir/Madam

2010 Full Year Result and Preliminary Final Report

In accordance with ASX Listing Rule 4.3A, the following documents are attached for release to the market:

- Appendix 4E – Preliminary Final Report
- 2010 Annual Report

Yours faithfully

A handwritten signature in black ink that reads 'IE Gregory' with a large, stylized flourish below the name.

Ian E Gregory
Company Secretary

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 Michael Scott. Mr Scott holds a Master of Engineering in Petroleum Engineering and is a member of the Society of Petroleum Engineers. Mr Scott has worked in the industry as a practicing petroleum-reservoir engineer for over 20 years. Mr Scott is employed full-time by Cooper Energy as its Managing Director 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.

Appendix 4E

Preliminary Final Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	30 June 2010 30 June 2009

Results for announcement to the market

Revenue from ordinary activities
Profit from ordinary activities after tax attributable to members
Net Profit for the full year attributable to members

Net tangible assets per share
(inclusive of Exploration and Evaluation expenditure capitalised)

Percentage Change %	Amount \$'000
-3.9	40,030
	1,247
	1,247
30 June 2010	30 June 2009
42.8 cents	42.2 cents

The Directors do not propose to pay a dividend.
The attached Annual Report has been audited

Brief explanation of results

During FY10 the Group participated in the drilling of four wells (FY09: seven wells). Three of the wells were onshore exploration wells in the Cooper Basin, South Australia and one of the wells was an offshore exploration well in the Gulf of Hammamet, Tunisia. All four exploration wells were dry holes.

All the Group's exploration permits across Australia, Indonesia and Tunisia were matured by varying amounts with studies and/or seismic activities resulting in a deep and valuable portfolio of leads and prospects. The Group's production assets in the Cooper Basin were matured by ongoing wellbore and surface development activities.

During the year the Group was awarded the Sukananti Production Area in South Sumatra. This area contains three discovered but currently shut-in oil fields. The Group is progressing plans to redevelop these fields and recommence production.

At the end of FY10 the Group was participating in production from nine oil fields in the Cooper Basin in South Australia – Warrior, Callawonga, Christies, Sellicks, Silver Sands, Parsons, Perlubie, Perlubie South and Butlers. Production sales for the year were 465,012 barrels of oil (FY09: 487,254 barrels of oil). This production volume generated \$40 million of sales revenue (FY09: \$42 million).

The Group ended FY10 with 1.5 million barrels Proved Developed Producing recoverable Oil (FY09: 1.9 million barrels), 1.7 million barrels Proved recoverable oil (FY09: 1.9 million barrels) and 2 million barrels Proved plus Probable recoverable oil (FY09: 1.9 million barrels).

The Group at the end of FY10 had \$92.5 million in cash deposits (FY09: \$93.4 million).

From an accounting perspective, the Group recorded a working capital of \$95.4 million (FY09: A\$96.5 million) and an EBITDAX (Earnings before interest, tax, depreciation, amortisation and exploration expenditure written off) of \$21.2 million (FY09: \$25.7 million).

Profit before tax was \$7.2 million (FY09: \$5.0 million) and profit after tax was \$1.2 million (FY09: loss of \$2.8 million). Cooper Energy's profit is mainly impacted by international exploration write-offs for which there is no Australian taxation allowance.

Annual General Meeting

This has been set for the 4 November 2010 at 10 am at the Novotel Perth Langley with the Annual Report to be mailed out to shareholders in early October 2010.



Cooper Energy

COOPER ENERGY LIMITED
and its controlled entities

ABN 93 096 170 295

ANNUAL FINANCIAL REPORT

30 June 2010

FINANCIAL REPORT

	Page
DIRECTORS' STATUTORY REPORT	3
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	17
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	18
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	19
CONSOLIDATED STATEMENT OF CASH FLOWS	20
NOTES TO FINANCIAL STATEMENTS	21
1. CORPORATE INFORMATION	21
2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES	21
3. SEGMENT REPORTING	37
4. REVENUES AND EXPENSES	39
5. INCOME TAX	40
6. EARNINGS PER SHARE	42
7. CASH AND CASH EQUIVALENTS	43
8. TRADE AND OTHER RECEIVABLES (current)	44
9. PREPAYMENTS	44
10. OIL PROPERTIES (non-current)	44
11. EXPLORATION AND EVALUATION (non-current)	45
12. TRADE AND OTHER PAYABLES (current)	45
13. PROVISIONS (non-current)	45
14. CONTRIBUTED EQUITY AND RESERVES	46
15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES	48
16. COMMITMENTS AND CONTINGENCIES	51
17. INTEREST IN JOINT VENTURE ASSETS	51
18. RELATED PARTIES	53
19. SHARE BASED PAYMENTS	58
20. AUDITOR'S REMUNERATION	59
21. PARENT ENTITY INFORMATION	60
22. EVENTS AFTER FINANCIAL REPORTING DATE	60
DIRECTORS' DECLARATION	61
INDEPENDENT AUDIT REPORT	62
AUDITOR'S INDEPENDENCE DECLARATION	64
CORPORATE DIRECTORY	65

Directors' Statutory Report

for the year ended 30 June 2010

The Directors present their report together with the consolidated financial report of the Group, being Cooper Energy Limited (the "parent entity") and its controlled entities, for the financial year ended 30 June 2010, and the independent auditor's report thereon.

1. DIRECTORS

The directors of the parent entity at any time during or since the end of the financial year are:

Name, qualifications and independent status	Age	Experience, special responsibilities and other directorships
Mr Laurence J. SHERVINGTON LLB, SA FIN, MAICD CHAIRMAN INDEPENDENT NON-EXECUTIVE DIRECTOR	67	Extensive commercial and corporate law experience. Mr Shervington is a practicing solicitor. Member of the Corporate Governance; Remuneration and Nomination and Audit Committees. Director since October 2003 and appointed Chairman in November 2004
Mr Michael T. SCOTT BSc (Honours), MEng (Petroleum Engineering), MAICD, SPE MANAGING DIRECTOR	48	Extensive management and engineering experience in the oil and gas exploration and production industry in Australia and overseas. Director and Managing Director since March 2004.
Mr Gregory G. HANCOCK BA (Econs), BEd (Honours), F FIN EXECUTIVE DIRECTOR	59	Extensive management and financial experience and a founding Director. Non-executive Chairman of Ausquest Limited and Director since October 2003. Director since March 2001 and Chairman until November 2004.
Mr Christopher R. PORTER B.Sc (Honours), M.Sc, INDEPENDENT NON-EXECUTIVE DIRECTOR	69	Extensive petroleum geological experience and consultant to the industry. Member of the Corporate Governance and Remuneration and Nomination and Audit Committees. Director since January 2002.
Mr Stephen H. ABBOTT FCPA INDEPENDENT NON-EXECUTIVE DIRECTOR	65	Extensive accounting and consulting career. Chairman of the Audit Committee and Member of the Remuneration and Nomination and the Corporate Governance Committees Director since September 2007.

2. COMPANY SECRETARY

Mr Ian E. Gregory, 55, BBus, FCIS, FFIN, MAICD, was appointed to the position of Company Secretary in December 2005. Mr Gregory has acted as Company Secretary for the past 26 years for various listed and unlisted companies and currently consults on secretarial matters to a number of listed companies.

3. DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the parent entity during the financial year are:

Director	Board Meetings		Audit Committee Meetings		Remuneration and Nomination Committee Meetings		Corporate Governance Committee Meetings	
	A	B	A	B	A	B	A	B
Mr L.J. Shervington	8	8	4	4	5	5	2	2
Mr M.T. Scott	8	8	-	-	-	-	-	-
Mr G.G. Hancock	8	8	-	-	-	-	-	-
Mr C.R. Porter	8	8	3	3	5	5	2	2
Mr S.H. Abbott	8	8	4	4	5	5	2	2

A = Number of meetings attended.

B = Number of meetings held during the time the director held office, or was a member of the committee, during the year

Directors' Statutory Report (continued)

for the year ended 30 June 2010

4. CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Cooper Energy Limited support the principles of corporate governance.

5. REMUNERATION REPORT (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the parent entity and the group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the parent entity and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent entity and includes the five highest paid executives in the Group and the parent.

For the purposes of this report, the term 'executive' encompasses the Executive Directors and Senior Employees of the parent and the group.

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

<i>Non-Executive Director's</i>	<i>Executive Director's</i>
Mr L.J. Shervington (Chairman)	Mr M.T. Scott (Managing Director)
Mr C.R. Porter	Mr G.G. Hancock
Mr S.H. Abbott	
<i>Senior Employees</i>	
Mr C.D. Todd (Exploration Manager)	Mr D. Gillies (New Venture Manager)
Mr T.J. Magee (Chief Geologist)	Mr A. Craig (Chief Geophysicist)
Mr J.A. Baillie (Chief Financial Officer)	

Principles of remuneration

The Group recognises that its performance is dependent on the quality of its directors and senior employees. To prosper, the Group must attract, motivate and retain highly skilled directors and senior employees.

Remuneration packages include a mix of fixed and variable compensation with performance based incentives.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for determining and reviewing the remuneration for non-executive directors, the executive directors and senior employees.

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior employees on an annual basis by reference to relevant employment market conditions. The overall objective is to ensure shareholders benefit from the retention of a high quality Board and executive team.

The Committee may take advice from independent consultancy sources to ensure remuneration accords with market practice.

Remuneration structure

In accordance with best practice corporate governance, the structure of the non-executive directors, executive directors and other key management personnel remuneration is separate and distinct.

Non-Executive Directors' remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Directors' Statutory Report (continued)

for the year ended 30 June 2010

5. REMUNERATION REPORT (Audited) (continued)

Structure of Non-Executive Directors' fees

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non executive directors for attending to their duties as directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the non executive directors as agreed. The latest determination was at the parent entity's Annual General Meeting held on 28 November 2006, when shareholders approved an aggregate remuneration of up to \$325,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. In addition, the directors' may undertake, with the approval of the other directors, consultancy services to the Group from time to time.

The remuneration of directors for the period ending 30 June 2010 is detailed in Table 1 of this report.

Executive Directors' remuneration

Objective

The Group aims to attract executive directors with a level and mix of remuneration, so as to:

- reward them for Group and individual performance;
- align their interests with those of shareholders;
- link rewards with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by industry standards.

Structure of the Executive Directors' remuneration package

The remuneration packages of the Executive Directors consist of the following elements:

- Fixed remuneration.
- Performance based remuneration consisting of an at risk short term incentive (STI) – cash incentive payment, paid annually at the discretion of the Board, linked to Group and individual performance; and which are described in more detail below.

Fixed Remuneration of the Executive Directors' - Salaries

Fixed remuneration comprises base salary and superannuation contributions. It is determined by the scope of each director's role, level of knowledge, skill and experience along with their individual performance.

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee. The process consists of a review of Group, and individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

Short Term Incentive Plan (STIP) of the Executive Directors'

In December 2009 the Remuneration and Nomination Committee introduced an Executive Short Term Incentive Plan (STIP) to be applied for the twelve month period commencing on the 1 July 2009. The Board invited executive directors to participate in the STIP for the 1 July 2009 to 30 June 2010 period.

The STIP is an at-risk cash based incentive measuring and rewarding performance over a twelve month period coinciding with the Group's fiscal year. STIP performance is assessed at the discretion of the Board in the September quarter and paid in September.

The incentive payment is based on a percentage of fixed remuneration. The percentage of fixed remuneration that participants may earn under the STIP for the current reporting period is set out in following table:

Award Levels and Percentage of Fixed Remuneration		Key Performance Indicators (KPIs) and Weightings						
		Quantitative (Absolute Scale)		Qualitative (Relative Scale)				
		2P Reserves Target (MMbbls)	Annual Production (bbls)	Opportunities	Staff Morale	Governance	Funding	External Relationships
<i>Level</i>	<i>%</i>	<i>50%</i>	<i>10%</i>	<i>30%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>
Threshold	0%	1.5	350,000	1	1	1	1	1
Target	15%	2.0	368,000	4	4	4	4	4
Stretch	100%	4.0	500,000	10	10	10	10	10
Super Stretch	200%	10.0	1,000,000	20	20	20	20	20

Directors' Statutory Report (continued) for the year ended 30 June 2010

5. REMUNERATION REPORT (Audited) (continued)

The quantitative KPIs for the reporting period are based on the levels of 2P Reserves at the end of the reporting period and the volumes of annual production. The quantitative KPIs account for 60% of the STIP.

The qualitative KPI's are based on the level of opportunities that the Group pursues, staff morale, governance, funding and external relationships. The qualitative KPIs which account for 40% of the STIP.

The KPIs are considered by the Board to represent the key variables that underpin the future health and external market valuation of the parent entity. The Reserves and Production categories drive the immediate value of the Group, the Opportunities category drives the future value of the Group and the other qualitative measures ensure the ongoing healthy administration of the Group. Weightings are reflective of the variables impact on value and growth.

The KPIs are set by the Remuneration and Nomination Committee at the beginning of each twelve month period. These may vary from year to year and from participant to participant in order to reflect the financial and operational goals of the Group and the contribution of the individual participants to those goals.

The Remuneration and Nomination Committee have set KPI goals at threshold, target, stretch and super stretch levels. Any KPI results that fall between the award levels are awarded proportionally between the levels that lie immediately above and below the result. The maximum STIP that can be paid is set at the Super Stretch award level.

The threshold objectives must be achieved in any individual KPI before a participant is entitled to any payment for that KPI.

The Remuneration and Nomination Committee will assess the extent to which KPIs were met for the period and any remuneration that is earned pursuant to the STIP is accrued for in the financial statements for the current financial year recognising that it will be actually paid to the executives in the following financial year.

The STIP amounts awarded to the executive directors for the twelve month period to 30 June 2010 are set out in Table 1.

Senior Employees remuneration

Objective

The Group aims to attract senior employees with a level and mix of remuneration, so as to:

- reward them for Group and individual performance;
- align their interests with those of shareholders;
- link rewards with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by industry standards.

Structure of the Senior Employees remuneration package

The remuneration packages of the Senior Employees consist of the following elements:

- Fixed remuneration;
- Variable remuneration.

Fixed Remuneration of Senior Employees – salary

Fixed remuneration comprises base salary and superannuation contributions. It is determined by the scope of each senior employee's role, level of knowledge, skill and experience along with their individual performance.

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee. The process consists of a review of Group, and individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

Variable Remuneration of Senior Employees

The Board and the Remuneration and Nomination Committee may consider the provision of variable remuneration in the form of short term cash bonuses and/or long term share options. There are no contractual obligations and awards are at the discretion of the Board and Remuneration Committee.

Short term cash bonus and long term incentives may be considered on the basis of increase in the Group's value brought about by recoverable hydrocarbon additions or outstanding performance.

5. REMUNERATION REPORT (Audited) (continued)

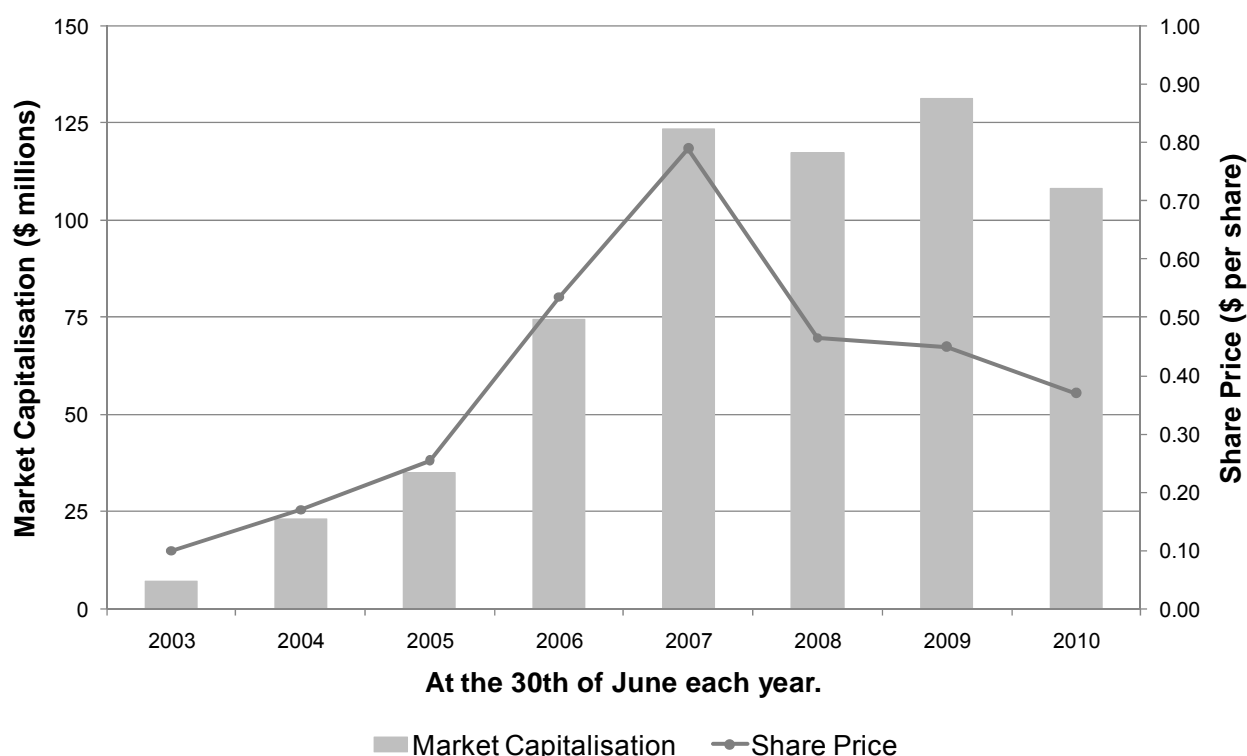
Long term option incentives have historically been used as an incentive and to align executive directors and staff to the long term growth aspirations of the Group. To this end the Group adopted the Employee and Share and Option Plan on 9 January 2002. This plan provides a mechanism whereby the Remuneration and Nomination Committee may issue options to nominated eligible employees and executive directors – the award of options to executive directors requiring Shareholders' approval.

The Group does not have a policy which prohibits executives from entering into arrangements to protect the value of their unvested share options.

Group Performance

The graph below shows the performance of the Group (as measured by the Group's Market Capitalisation and Share Price) for the past seven years.

Cooper Energy Market Capitalisation and Share Price



Employment contracts

The remuneration and other terms of employment for the executive directors and the majority of senior employees are formalised in service agreements. Under terms of the service agreements, all parties continue to be employed until their employment is terminated.

Notice period for termination by the parent entity of senior employees is up to three months while similar notice periods must be given if the employee wishes to resign. The notice period for the executive directors is six months if their contracts of employment are terminated. The parent entity may make a payment in lieu of notice.

All employees are entitled to receive, on termination of employment, their statutory entitlements of vested annual and long service leave, together with any superannuation benefits. Any options that have been awarded but not vested at the time of resignation of the employee can be cancelled at the discretion of the Remuneration Committee and the Board.

The service contracts outline the components of compensation paid to the executive directors and senior employees. The contracts do not prescribe how compensation levels are modified year to year for senior employees but do prescribe how the STIPP levels are set for executive directors. Compensation levels are reviewed each year to take into account cost-of-living changes, any changes in the scope of the role performed by the senior employee and executive director, employment market conditions and any changes required to meet the principles of the remuneration policy.

Directors' Statutory Report (continued)

for the year ended 30 June 2010

5. REMUNERATION REPORT (Audited) (continued)

Employment contracts (continued)

Bonuses

A bonus of \$345,300 was awarded and paid to executive directors and staff on the 10 September 2010 for the discovery of additional hydrocarbons in the Cooper Basin during the twelve month period ending 30 June 2009. There was no forfeiture of cash bonuses. The bonus was determined and distributed at the discretion of the Board.

A bonus of \$145,089 was awarded to the executive directors for the twelve month period ending the 30 June 2010 based upon the Short Term Incentive Plan for the executive directors. This bonus has not been paid to the executive directors at the date of this report.

Remuneration

Details of the nature and amount of each major element of remuneration of each director of the Group and each of the five named senior employees who receive the highest remuneration and other key management personnel are:

Table 1 Directors' remuneration
for the year ended 30 June 2010

	Short-term benefits			Post Employment	Share-based payment	Total
	Salary & Fees \$	Cash Bonus (paid and accrued) \$	Non-Monetary Benefits \$	Super-annuation \$	Options \$	
Directors						
Mr L.J. Shervington <i>Chairman</i>	85,000	-	-	7,650	-	92,650
Mr M.T. Scott <i>Managing Director</i>	510,539	216,086	-	14,461	137,455	878,541
Mr G.G. Hancock	240,539	58,503	-	14,461	82,473	395,976
Mr C.R. Porter	65,000	-	-	5,850	-	70,850
Mr S.H. Abbott	65,000	-	-	5,850	-	70,850
	966,078	274,589	-	48,272	219,928	1,508,867

- Mr Scott's proportion of remuneration that is performance related is 40.2% while the value of options as a proportion of remuneration is 15.6%
- Mr Hancock's proportion of remuneration that is performance related is 35.6% while the value of options as a proportion of remuneration is 20.8%
- Part of Mr Scott's cash bonus, \$118,430 was a proportionate share of a cash bonus that was awarded to all staff on the 10 September 2009. The balance of cash bonus of \$97,656 is to be paid in accordance the STIP for the year to 30 June 2010.
- Part of Mr Hancock's cash bonus, \$11,070 was a proportionate share of a cash bonus that was awarded to all staff on the 10 September 2009. The balance of cash bonus of \$47,433 is to be paid in accordance the STIP for the year to 30 June 2010.
- Mr Hancock provides services to the parent entity three days per week via employment as an executive director and a marketing consultancy agreement.
- The share based payment for each of Mr Scott and Mr Hancock represents the proportionate share of the value of vesting options that were awarded in December 2007 and May 2009. The basis for computing the value of these options is set out in Note 19 of the Annual Financial Statements.

Directors' Statutory Report (continued)
for the year ended 30 June 2010

5. REMUNERATION REPORT (Audited) (continued)

*Table 1 Directors' remuneration (continued)
for the year ended 30 June 2009*

	Short-term benefits			Post Employment	Share-based payment	Total
	Salary & Fees \$	Cash Bonus \$	Non-Monetary Benefits \$	Super-annuation \$	Options \$	
Directors						
Mr L.J. Shervington <i>Chairman</i>	85,000	-	-	7,650	-	92,650
Mr M.T. Scott <i>Managing Director</i>	486,596	50,520	-	13,745	318,605	869,466
Mr G.G. Hancock	218,255	-	-	13,745	183,634	415,634
Mr C.R. Porter	65,000	-	-	5,850	-	70,850
Mr S.H. Abbott	65,000	-	-	5,850	-	70,850
	919,851	50,520	-	46,840	502,239	1,519,450

- a) Mr Scott's proportion of remuneration that is performance related is 42.5% while the value of options as a proportion of remuneration is 36.6%
- b) Mr Hancock's proportion of remuneration that is performance related is 44.2% while the value of options as a proportion of remuneration is 44.2%
- c) Mr Scott's cash bonus was a proportionate share of a cash bonus that was awarded to all staff on the 11 August 2008.
- d) Mr Hancock provides services to the parent entity three days per week via employment as an executive director and a marketing consultancy agreement.
- e) The share based payment for each of Mr Scott and Mr Hancock represents the proportionate share of the vesting value of options that were awarded in January 2005, December 2007 and May 2009. The basis for computing the value of these options is set out in Note 19 of the Annual Financial Statements.

Directors' Statutory Report (continued)
for the year ended 30 June 2010

5. REMUNERATION REPORT (Audited) (continued)

Table 2 Executives and Senior Employees remuneration for the year ended 30 June 2010

	Short-term benefits			Post Employment	Share-based payment	Total
	Salary & Fees \$	Cash Bonus \$	Non-Monetary Benefits \$	Super-annuation \$	Options \$	
Executives and senior employees						
Mr C.D Todd <i>Exploration Manager</i>	410,539	88,290	-	14,461	79,488	592,778
Mr T.J. Magee <i>Chief Geologist</i>	330,539	77,830	-	14,461	42,434	465,264
Mr. A. N. Craig <i>Chief Geophysicist</i>	278,872	33,430	-	14,461	19,126	345,889
Mr D Gillies <i>New Venture Manager</i>	330,494	-	-	13,256	10,221	353,971
Mr J.A. Baillie <i>Chief Financial Officer</i>	220,539	11,070	-	14,461	19,126	265,196
	1,570,983	210,620	-	71,100	170,395	2,023,098

- a) Messrs Todd, Magee, Craig and Baillie all received a proportionate share of a cash bonus that was awarded and distributed to all staff on the 10 September 2009.
- b) Mr Todd's proportion of remuneration that is performance related is 29% while the value of options as a proportion of remuneration is 13.4%.
- c) Mr Magee's proportion of remuneration that is performance related is 26.7% while the value of options as a proportion of remuneration is 9.1%.
- d) Mr Gillies proportion of remuneration that is performance related is 3% while the value of options as a proportion of remuneration is 2.9%.
- e) Mr Craig's proportion of remuneration that is performance related is 9.1% while the value of options as a proportion of remuneration is 5.5%.
- f) Mr J.A. Baillie proportion of remuneration that is performance related is 21% while the value of options as a proportion of remuneration is 7.2%.
- f) The share based payment for each of Messrs Todd, Magee, Gillies, Craig and Baillie represents the proportionate share of the value of options that were awarded in January 2005, December 2007 and May 2009. The basis for computing the value of these options is set out in Note 19 of the Annual Financial Statements.

Directors' Statutory Report (continued)
for the year ended 30 June 2010

5. REMUNERATION REPORT (Audited) (continued)

*Table 2 Executives and Senior Employees remuneration (continued)
for the year ended 30 June 2009*

	Short-term benefits			Post Employment	Share-based payment	Total \$
	Salary & Fees \$	Cash Bonus \$	Non-Monetary Benefits \$	Super-annuation \$	Options \$	
Executives and senior employees						
Mr C.D Todd <i>Exploration Manager</i>	412,178	36,970	-	13,745	166,095	628,988
Mr T.J. Magee <i>Chief Geologist</i>	314,589	32,550	-	13,745	78,720	439,604
Mr. A. N. Craig <i>Geophysicist</i>	252,178	15,080	-	13,745	35,875	316,878
Mr. R.R. King <i>Senior Geologist</i>	252,922	700	-	13,745	-	267,367
Mr J.A. Baillie <i>Chief Financial Officer</i>	216,255	6,170	-	13,745	35,875	272,045
	1,448,122	91,470	-	68,725	316,565	1,924,882

- a) Messrs Todd, Magee, Craig and Baillie were respectively granted 200,000; 150,000; 175,000 and 175,000 vesting options (see end of this report for further details) to recognise their contributions to the parent entity's success and to encourage their continuing involvement in the achievement of the parent entity's objectives and provide an incentive for them to strive to that end by participating in the future growth and prosperity of the parent entity through share ownership.
- b) Messrs Todd, Magee, King, Craig and Baillie all received a proportionate share of a cash bonus that was awarded and distributed to all staff on the 11 September 2008.
- c) Mr Todd's proportion of remuneration that is performance related is 32.3% while the value of options as a proportion of remuneration is 26.4%.
- d) Mr Magee's proportion of remuneration that is performance related is 25.3% while the value of options as a proportion of remuneration is 17.9%
- e) Mr Craig's proportion of remuneration that is performance related is 16.1% while the value of options as a proportion of remuneration is 11.3%.
- f) Mr J.A. Baillie proportion of remuneration that is performance related is 15.5% while the value of options as a proportion of remuneration is 13.2%.
- g) The share based payment for each of Messrs Todd, Magee, Craig and Baillie represents the proportionate share of the value of options, awarded in the current and prior reporting years, which vested during the current year. The basis for computing the value of these options is set out in Note 19 of the Annual Financial Statements.

Directors' Statutory Report (continued)
for the year ended 30 June 2010

5. REMUNERATION REPORT (Audited) (continued)

Value of options granted

No options were granted to executive directors and senior employees during the period. The options that were granted in previous periods have theoretical Black and Sholes binomial option-pricing model value because they have vested during the period and have not yet been exercised. The A\$0.55 and A\$1.00 options only have theoretical value as the share price is less than the exercise price thereby preventing the options from being exercised.

The total value of options for the executive directors and senior employees noted in tables as share based payments for the current year is \$353,382. The fair value of the options is calculated at the date of the grant using a binomial option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed above is the portion of the fair value of the options allocated to this reporting period. In valuing the options, the then market conditions were taken into account.

Compensation options: Granted and vested during the year

Details on options over ordinary shares in the parent entity that were granted at no cost as compensation during the reporting period and details on options that were vested during the reporting period are as follows:

	Number of options granted	Fair value per options at grant date (cents)	Exercise price per options (cents)	Number of options vested during the period	Number of options vested to date	Percentage of options vested to date
<i>Granted on the 26 November 2007</i>						
Director						
Mr M.T. Scott	5,000,000	14.7	100	1,666,666	3,333,333	67%
Mr G. Hancock	3,000,000	14.7	100	1,000,000	2,000,000	67%
Executive						
Mr C.D. Todd	2,500,000	14.7	100	833,333	1,666,667	67%
Mr T.J. Magee	1,250,000	14.7	100	416,667	833,334	67%
Mr J.A. Baillie	500,000	14.7	100	166,667	333,334	67%
Mr A.N. Craig	500,000	14.7	100	166,667	333,334	67%
<i>The options expire on 1 September 2011.</i>						
<i>Granted on the 21 May 2009</i>						
Executive						
Mr C.D. Todd	200,000	5.97	75	200,000	200,000	100%
Mr D. Gillies	125,000	5.97	75	125,000	125,000	100%
Mr T.J. Magee	150,000	5.97	75	150,000	150,000	100%
Mr A.N. Craig	100,000	5.97	75	100,000	100,000	100%
Mr J.A. Baillie	100,000	5.97	75	100,000	100,000	100%
<i>The first date for exercise of these options is the 30 June 2010.</i>						
<i>The options expire on 31 December 2011</i>						
<i>Granted on the 21 May 2009</i>						
Executive						
Mr D. Gillies	125,000	5.90	100	nil	nil	0%
<i>The first date for exercise of these options is the 30 June 2011.</i>						
<i>The options expire on 31 December 2012</i>						

Since the end of the financial year no options have been granted.

All options expire on the earlier of their expiry date or termination of the individual's employment. The options are exercisable immediately on vesting up until the expiry date.

5. REMUNERATION REPORT (Audited) (continued)

Value of options exercised during the year and shares issued on exercise of options

The value of options exercised during the year by Mr MT Scott was \$76,900 and by Mr T.J. Magee \$22,590.

6. PRINCIPAL ACTIVITIES

Cooper Energy is an upstream oil and gas exploration and production parent entity whose primary purpose is to secure, find, develop, produce and sell hydrocarbons. These activities are undertaken either solely or via unincorporated joint ventures. There was no significant change in the nature of these activities during the year.

7. OPERATING AND FINANCIAL REVIEW

During FY10 the Group participated in the drilling of four wells (FY09: seven wells). Three of the wells were onshore exploration wells in the Cooper Basin, South Australia and one of the wells was an offshore exploration well in the Gulf of Hammamet, Tunisia. All four exploration wells were dry holes.

All the Group's exploration permits across Australia, Indonesia and Tunisia were matured by varying amounts with studies and/or seismic activities resulting in a deep and valuable portfolio of leads and prospects. The Group's production assets in the Cooper Basin were matured by ongoing wellbore and surface development activities.

During the year the Group was awarded the Sukananti Production Area in South Sumatra. This area contains three discovered but currently shut-in oil fields. The Group is progressing plans to redevelop these fields and recommence production.

At the end of FY10 the Group was participating in production from nine oil fields in the Cooper Basin in South Australia – Worrior, Callawonga, Christies, Sellicks, Silver Sands, Parsons, Perlubie, Perlubie South and Butlers. Production sales for the year were 465,012 barrels of oil (FY09: 487,254 barrels of oil). This production volume generated \$40 million of sales revenue (FY09: \$42 million).

The Group ended FY10 with 1.5 million barrels Proved Developed Producing recoverable Oil (FY09: 1.9 million barrels), 1.7 million barrels Proved recoverable oil (FY09: 1.9 million barrels) and 2 million barrels Proved plus Probable recoverable oil (FY09: 1.9 million barrels).

The Group at the end of FY10 had \$92.5 million in cash deposits (FY09: \$93.4 million).

From an accounting perspective, the Group recorded a working capital of \$95.4 million (FY09: A\$96.5 million) and an EBITDAX (Earnings before interest, tax, depreciation, amortisation and exploration expenditure written off) of \$21.2 million (FY09: \$25.7 million).

Profit before tax was \$7.2 million (FY09: \$5.0 million) and profit after tax was \$1.2 million (FY09: loss of \$2.8 million). Cooper Energy's profit is mainly impacted by international exploration write-offs for which there is no Australian taxation allowance.

8. DIVIDENDS

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividends since the end of the previous financial year, or to the date of this report.

9. ENVIRONMENTAL REGULATION

The Group is a party of various exploration and development licences or permits. In most cases, the contracts specify the environmental regulations applicable to oil and gas operations in the respective jurisdiction. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no significant known breaches of the environmental obligations of the Group's licences.

Directors' Statutory Report (continued)

for the year ended 30 June 2010

10. LIKELY DEVELOPMENTS

Other than disclosed elsewhere in the Annual Report, further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would likely result in unreasonable prejudice to the consolidated entity.

11. DIRECTORS' INTERESTS

The relevant interest of each director in ordinary shares and options over shares issued by the parent entity as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this reports is as follows:

	Cooper Energy Limited	
	Ordinary Shares	Options over shares
Mr L.J. Shervington	405,933	-
Mr M.T. Scott	751,500	6,900,000
Mr G.G. Hancock	2,600,001	3,000,000
Mr C.R. Porter	525,933	-
Mr S.H. Abbott	60,000	-

12. SHARE OPTIONS

Unissued shares under options

At the date of this report unissued ordinary shares of the parent entity under option are:

Expiry Date	Exercise price	Number of Shares
31 December 2010	55 cents	4,100,000
31 December 2010	55 cents	475,000
1 September 2011	100 cents	12,875,000
31 December 2011	75 cents	875,000
30 April 2012	75 cents	500,000
31 August 2012	100 cents	120,000
31 December 2012	100 cents	450,000

All options expire on the earlier of the expiry date or, if deemed by the Board, on termination of the employee's employment. In addition, the ability to exercise the options is conditional upon vesting dates as detailed in the Remuneration Report on pages 4 to 13.

These options do not entitle the holder to participate in any share issue of the parent entity or any other body corporate.

13. EVENTS AFTER FINANCIAL REPORTING DATE

Subsequent to the 30 June 2010, the parent entity has acquired shares in Zeta Petroleum Limited for \$1,625,000. In addition the parent entity has entered into a further commitment to subscribe for a further tranche of shares up to a value of £700,000 on or before the 30 April 2011. The parent entity has also undertaken from January 2011 to July 2012, subject to various performance milestones been met, to subscribe for successive tranches of shares to the value of \$US13,600,000 in Zeta Petroleum Limited.

Subsequent to the year end, a wholly owned subsidiary participated in the drilling of an exploration well in Indonesia. The drill was not successful. The subsidiaries share of the estimated cost of the well is \$US1,600,000.

14. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

The parent entity has agreed to indemnify the following current directors of the parent entity, Mr L.J Shervington; Mr M.T. Scott; Mr G.G. Hancock; Mr C.R. Porter and Mr S.H. Abbott against all liabilities (subject to certain limited exclusions) to persons (other than the Group or a related body corporate) which arise out of the performance of their normal duties as a director or executive director unless the liability relates to conduct involving a lack of good faith. The parent entity has agreed to indemnify the directors and executive directors against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

Insurance premiums

Since the end of the previous financial year the parent entity has paid insurance premiums of \$45,000 in respect of directors' and officers' liability and legal insurance contracts for current and former directors and officers including senior employees of the Parent entity.

The insurance premium relates to costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policy outlined above does not contain details of premiums paid in respect of individual directors, officers and senior employees of the parent entity.

15. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 64 and forms part of the directors' report for the financial year ended 30 June 2010.

16. NON-AUDIT SERVICES

During the year Ernst & Young, the Group's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of these non-audit services during the year by the auditor is compatible with, and do not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Section 290 of "APES 110 – The Code of Ethics for Professional Accountants" as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, Ernst & Young and its related practices for non-audit services provided during the year are set out below.

	Consolidated	
	2010	2009
	\$	\$
Services other than statutory audit		
Review of Employee Share Option Plan	-	-
Taxation consulting services	-	-
Consultation on disclosure requirements relating to a potential merger	-	25,750
	<u>-</u>	<u>25,750</u>

Directors' Statutory Report (continued)
for the year ended 30 June 2010

17. ROUNDING

The Group is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the directors:



Mr Michael T Scott
Managing Director

Dated at Perth this 30th August 2010.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	Consolidated	
		2010 \$'000	2009 \$'000
Continuing Operations			
Revenue from oil sales	4	40,030	41,647
Cost of sales	4	(17,180)	(15,390)
Gross profit		22,850	26,257
Other revenue	4	4,315	4,245
Administration and other expenses	4	(19,944)	(25,461)
Profit before income tax		7,221	5,041
Income tax expense	5	(5,974)	(7,857)
Net profit/(loss) after tax from continuing operations		1,247	(2,816)
Other comprehensive income/(expenditure)			
Net loss on available for sale assets		-	(200)
Other comprehensive income (expenditure) for the period, net of tax		-	(200)
Total comprehensive income/(loss) for the period		1,247	(3,016)
		cents	cents
Basic earnings/(loss) per share	6	0.4	(1.0)
Diluted earnings/(loss) per share	6	0.4	(1.0)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2010

	Notes	Consolidated	
		2010 \$'000	2009 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	92,273	92,037
Term deposits at banks	7	212	1,400
Trade and other receivables	8	9,002	11,986
Prepayments	9	114	74
Total Current Assets		101,601	105,497
Non-Current Assets			
Oil properties	10	15,205	15,465
Exploration and evaluation	11	19,601	15,276
Total Non-Current Assets		34,806	30,741
TOTAL ASSETS		136,407	136,238
LIABILITIES			
Current Liabilities			
Trade and other payables	12	5,959	5,157
Income tax payable		199	3,875
Total Current Liabilities		6,158	9,032
Non-Current Liabilities			
Deferred tax liabilities	5	4,408	3,273
Provisions	13	744	622
Total Non-Current Liabilities		5,152	3,895
TOTAL LIABILITIES		11,310	12,927
NET ASSETS		125,097	123,311
EQUITY			
Contributed equity	14	98,657	98,472
Reserves	14	2,012	1,658
Retained profits	14	24,428	23,181
TOTAL EQUITY		125,097	123,311

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the Year ended 30 June 2010

	Issued Capital \$'000	Consoli- dation Reserve \$'000	Share Based Payment Reserve \$'000	Net Unrealised Gain (Loss) Reserve \$'000	Option Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<i>Consolidated</i>							
Balance at 1 July 2009	98,472	(541)	2,174	-	25	23,181	123,311
Profit for the period	-	-	-	-	-	1,247	1,247
Total comprehensive income for the period	-	-	-	-	-	1,247	1,247
Transactions with owners in their capacity as owners:							
Share based payments	-	-	354	-	-	-	354
Shares issued	185	-	-	-	-	-	185
Balance at 30 June 2010	98,657	(541)	2,528	-	25	24,428	125,097
Balance at 1 July 2008	88,385	(541)	1,425	200	25	25,997	115,491
Loss for the period	-	-	-	-	-	(2,816)	(2,816)
Total comprehensive loss for the period	-	-	-	(200)	-	(2,816)	(3,016)
Transactions with owners in their capacity as owners:							
Share based payments	-	-	749	-	-	-	749
Shares placed	9,981	-	-	-	-	-	9,981
Share issue costs	106	-	-	-	-	-	106
Balance at 30 June 2009	98,472	(541)	2,174	-	25	23,181	123,311

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2010

	Notes	Consolidated	
		2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		43,010	43,995
Payments to suppliers and employees		(17,466)	(15,916)
Income tax paid		(8,515)	(7,767)
Interest received – other entities		4,150	4,316
Net cash from operating activities	7	21,179	24,628
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available-for-sale-financial assets		-	(8,780)
Proceeds on disposal of available-for-sale-financial assets		-	25,208
Payments for exploration and evaluation		(17,622)	(6,888)
Investments in oil properties		(4,694)	(5,340)
Net cash flows from/(used) in investing activities		(22,316)	4,200
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		185	-
Net cash flow from financing activities		185	-
NET (DECREASE)/INCREASE IN CASH HELD		(952)	28,828
CASH AT THE BEGINNING OF THE YEAR		93,437	64,609
CASH, CASH EQUIVALENTS AND TERM DEPOSITS AT THE END OF THE YEAR	7	92,485	93,437

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2010

1. CORPORATE INFORMATION

The consolidated financial report of Cooper Energy Limited (the parent entity) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 30 August 2010.

Cooper Energy Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards.

The financial report has also been prepared on a historical cost basis, except for available for sale financial assets which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Group under ASIC Class Order 98/0100. The Group is an entity to which the class order applies.

b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

From 1 July 2009 the Consolidate Entity has adopted the following standards and interpretations would have been applied for the first time for entities with years ending 30 June 2010 (unless early adopted):

Adoption of these standards interpretation did not have any effect on the financial position or performance of the Consolidated Entity.

Reference	Title	Application date of standard*	Application date for Group*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	1 January 2009	1 July 2009
AASB 1039 (revised)	Concise Reporting	1 January 2009	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	1 January 2009	1 July 2009
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	1 January 2009	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	1 January 2009	1 July 2009
AASB 3 (Revised)	Business Combinations	1 July 2009	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	1 July 2009	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	1 July 2009	1 July 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2009	1 July 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 July 2009	1 July 2009

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

2 b) Statement of compliance (continued)

Reference	Title	Application date of standard*	Application date for Group*
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009	1 July 2009
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	1 July 2009
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	1 July 2009	1 July 2009
AASB 2009-7	Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]	1 July 2009	1 July 2009

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

2 b) Statement of compliance (continued)

The consolidated Entity has not elected to early adopt any new standards or amendments. The following table lists all applicable Standards/Interpretations issued but not yet effective for 30 June 2010 year end for which the Group has elected not to early adopt. The impact of the adoption of these new and revised standards onwards and interpretations onwards has not been determined by the Group. The table is accurate as at 30 June 2010.

AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]		
<i>Summary</i>	<p><i>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following:</i></p> <p><i>The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined.</i></p> <p><i>The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.</i></p> <p><i>The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.</i></p> <p><i>The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity:</i></p> <ul style="list-style-type: none"> <i>▶ has primary responsibility for providing the goods or service;</i> <i>▶ has inventory risk;</i> <i>▶ has discretion in establishing prices;</i> <p><i>bears the credit risk.</i></p> <p><i>The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes.</i></p> <p><i>The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.</i></p> <p><i>The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.</i></p>		
Application date of Standard	1 January 2010	Application date for Group	1 July 2010

AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]		
<i>Summary</i>	<p><i>This Standard makes amendments to Australian Accounting Standard AASB 2 Share-based Payment and supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions.</i></p> <p><i>The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction.</i></p> <p><i>The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.</i></p>		
Application date of Standard	1 January 2010	Application date for Group	1 July 2010

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

2 b) Statement of compliance (continued)

AASB 2009-9	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards.		
<i>Summary</i>	<p>The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process.</p> <p>Specifically, the amendments:</p> <ul style="list-style-type: none"> ▶ exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets <p>exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 Determining whether an Arrangement contains a Lease when the application of their national accounting requirements produced the same result.</p>		
<i>Application date of Standard</i>	1 January 2010	<i>Application date for Group</i>	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]		
<i>Summary</i>	<p>The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.</p>		
<i>Application date of Standard</i>	1 February 2010	<i>Application date for Group</i>	1 July 2010
AASB 9	Financial Instruments		
<i>Summary</i>	<p>AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.</p> <p>(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.</p> <p>(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p>		
<i>Application date of Standard</i>	1 July 2013	<i>Application date for Group</i>	1 July 2013

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

2 b) Statement of compliance (continued)

AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]		
Summary	<p><i>The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:</i></p> <ul style="list-style-type: none"> ▶ <i>two categories for financial assets being amortised cost or fair value</i> ▶ <i>removal of the requirement to separate embedded derivatives in financial assets</i> ▶ <i>strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows</i> ▶ <i>an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition</i> ▶ <i>reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes</i> <p><i>changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income</i></p>		
Application date of Standard	1 July 2013	Application date for Group	1 July 2013
AASB 124 (Revised)	Related Party Disclosures (December 2009)		
Summary	<p><i>The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</i></p> <ul style="list-style-type: none"> (a) <i>the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;</i> (b) <i>entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and</i> (c) <i>the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.</i> <p><i>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</i></p>		
Application date of Standard	1 January 2011	Application date for Group	1 July 2011

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

2 b) Statement of compliance (continued)

AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]		
<i>Summary</i>	<i>This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.</i>		
<i>Application date of Standard</i>	1 January 2011	<i>Application date for Group</i>	1 July 2011
AASB 2009-13	Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]		
<i>Summary</i>	<i>This amendment to AASB 1 allows a first-time adopter may apply the transitional provisions in Interpretation 19 as identified in AASB 1048.</i>		
<i>Application date of Standard</i>	1 July 2010	<i>Application date for Group</i>	1 July 2010
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement		
<i>Summary</i>	<i>These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.</i>		
<i>Application date of Standard</i>	1 January 2011	<i>Application date for Group</i>	1 July 2011
AASB 2010-1	Amendments to Australian Accounting Standards - Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters		
<i>Summary</i>	<i>First-time adopters of Australian Accounting Standards are permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with Australian Accounting Standards that are included in AASB 2009-2.</i>		
<i>Application date of Standard</i>	1 July 2010	<i>Application date for Group</i>	1 July 2010

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

2 b) Statement of compliance (continued)

AASB 1053	Application of Tiers of Australian Accounting Standards		
Summary	<p><i>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: Tier 1: Australian Accounting Standards; and Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: for-profit entities in the private sector that have public accountability (as defined in this Standard); and the Australian Government and State, Territory and Local Governments. The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: for-profit private sector entities that do not have public accountability; all not-for-profit private sector entities; and public sector entities other than the Australian Government and State, Territory and Local Governments.</i></p>		
Application date of Standard	1 July 2013	Application date for Group	1 July 2013
	Amendments to Australian Accounting Standards arising from reduced disclosure requirements		
Summary	<p><i>This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.</i></p>		
Application date of Standard	1 July 2013	Application date for Group	1 July 2013
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]		
Summary	<p><i>Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.</i></p>		
Application date of Standard	1 July 2010	Application date for Group	1 July 2010

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

2 b) Statement of compliance (continued)

AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]		
Summary	<p><i>Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.</i></p> <p><i>Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.</i></p> <p><i>Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions</i></p> <p><i>Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.</i></p>		
Application date of Standard	1 January 2011	Application date for Group	1 July 2011

Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments		
Summary	<p><i>This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability.</i></p> <p><i>The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.</i></p>		
Application date of Standard	1 July 2010	Application date for Group	1 July 2010

* designates the beginning of the applicable annual reporting period unless otherwise stated
** only applicable to not-for-profit / public sector entities

The impact of the adoption of these new and revised standards onwards and interpretations onwards has not been determined by the Group.

c) Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Cooper Energy Limited ("the parent entity") and its subsidiaries ("the Group").

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, income and expenses and profit and losses arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

d) Jointly controlled assets

The Group has an interest in joint ventures that are jointly controlled assets. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled asset involves use of assets and other resources of the venturers rather than establishment of a separate entity.

The Group's interest in joint ventures which are unincorporated joint venture assets are accounted for by recognising its proportionate share in assets that it controls and liabilities that it incurs from joint ventures.

In addition, expenses incurred by the Group and sale of the Group's entitlement to production are recognised in the Group's financial statements on a pro rata basis to the Group's interest.

e) Foreign currency

The functional currency and presentation currency of Cooper Energy Limited and its Australian and British Virgin Island subsidiaries is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Consolidated Statement of Financial Position date. All differences in the consolidated financial report are taken to the Consolidated Statement of Comprehensive Income.

f) Investments

Investments are classified as available-for-sale and are initially recognised at fair value plus any directly attributable transaction costs. The classification depends on the purpose for which the investments were acquired. Designation will be re-evaluated at each financial year-end.

After initial recognition, investments are remeasured to fair value. Changes in the fair value of available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative change in fair value previously reported in equity is included in earnings.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the Consolidated Statement of Financial Position date. Where investments are not actively traded, fair value is established by using other market accepted valuation techniques.

g) Revenue and cost recognition

Revenue is recognised and measured at fair value of consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenues and costs from production sharing contracts

Revenue earned and production costs incurred from a production sharing contract are recognised when title to the product passes to the customer and is based upon the Group's share of sales and costs relating to oil production that are allocated to the Group under the contract.

Interest revenue

Interest revenue is recognised as interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

h) Depreciation and amortisation

Oil properties and other plant and equipment, other than freehold land, are depreciated to their residual values at rates based on the expected useful lives of the assets concerned.

Oil properties are amortised on the Units of Production basis using the best estimate of proved developed producing (PDP) reserves. No amortisation is charged on areas under development where production has not commenced.

Depreciation on property plant and equipment is calculated at between 7.5% and 37.5% per annum using the diminishing value method over their estimated useful lives.

i) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the end of the reporting period. These benefits included wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave. Liabilities expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amount expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The general provisions for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currencies that match, as closely as possible, the estimated future cash outflows. Employees' accumulated long services leave is ascribed to individual employees at the rates payable as and when they become entitled to long service leave.

j) Share based payments

The Group provides benefits to employees and directors of the Group in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ("equity-settled transactions"). There is currently one plan in operation to provide these benefits.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and are recorded as an expense, with a corresponding increase in reserves, on a straight-line basis over the vesting period of the related instrument.

The fair value is determined using a binomial model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

1. the extent to which the vesting period has expired; and
2. the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Consolidated Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

j) Share based payments (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

k) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangements conveys a right to use the asset.

Finance lease, which transfer to the Group substantially all the risks and benefits incidental to ownership of the lease item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised lease assets are depreciated over the shorter of the estimate useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

l) Management fees

Revenue is recognised when the Group's right to receive payment is established.

m) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Consolidated Statement of Financial Position date.

Deferred income tax is provided on all temporary differences at the Consolidated Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss: or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

m) Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be accessible against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Consolidated Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are assessed at each Consolidated Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that were expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax asset and liabilities relate to the same taxable entity and the same taxation authority.

n) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Taxes ("GST") except:-

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

o) Exploration and evaluation expenditure

Exploration and evaluation expenditure is accounted for in accordance with the area of interest method and is capitalised to the extent that:-

- i. the rights to tenure of the areas of interest are current and the Group controls the area of interest in which the expenditure has been incurred; and
- ii. such costs are expected to be recouped through successful development and exploration of the area of interest, or alternatively by its sale; or
- iii. exploration and evaluation activities in the area of interest have not at the reporting date:-
 - a. reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves; and
 - b. active and significant operations in, or in relation to, the area of interest are continuing.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

o) Exploration and evaluation expenditure (continued)

An area of interest refers to an individual geological area where the potential presence of an oil or a natural gas field is considered favourable or has been proven to exist, and in most cases will comprise an individual prospective oil or gas field.

Exploration and evaluation expenditure which does not satisfy these criteria is written off. Specifically, costs carried forward in respect of an area of interest that is abandoned or costs relating directly to the drilling of a dry well that is plugged and abandoned are written off in the year in which the decision to abandon is made. If exploratory wells encounter shows of oil and gas, the well costs remain capitalised on the Consolidated Statement of Financial Position as long as sufficient progress in assessing the reserves and the economic and operating viability of the project is being made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where a discovered oil or gas field enters the development phase the accumulated exploration and evaluation expenditure is transferred to oil properties.

p) Oil properties

Oil properties are carried at cost including construction, installation of infrastructure such as roads and the cost of development of wells.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

q) Provision for restoration

The Group records the present value of its share of the estimated cost to restore operating locations. The nature of restoration activities includes the obligations relating to the reclamation, waste site closure, plant closure, production facility removal and other costs associated with the restoration of the site.

A restoration provision is recognised after the construction of the facility and then reviewed on an annual basis. When the liability is recorded the carrying amount of the production assets is increased by the asset retirement costs and depreciated over the producing life of the asset. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.

Any changes in the estimate of the provision for restoration arising from the annual renewal is recorded by adjusting the carrying amount of the production asset and then depreciated over the producing life of the asset. The liability is correspondingly adjusted for the change in the present value on the risk adjusted pre-tax discount rate with the unwinding of the adjusted discount recorded as an accretion change within finance costs.

These estimated costs, whilst based on anticipated technological and legal requirements, assume no significant changes will occur in relevant State and Federal legislation.

r) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

r) Property, plant and equipment (continued).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Consolidated Statement of Financial Position date. The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of property, plant and equipment is the higher of fair value less cost to sell and value in use. For an asset that does not generate largely independent cash flows, recoverable amount is determined for the cash generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An asset's or cash generating unit's carrying amount is written down immediately to its recoverable amount if the asset's or cash generating unit's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use. Any gains or losses arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is included in the statement of comprehensive income in the period the asset is de-recognised.

s) Impairment of non current assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

t) Cash and cash equivalents

Cash and short term deposits in the Consolidated Statement of Financial Position comprise cash at bank and short term deposits with an original maturity of three months or less. Cash also includes the Group's share of cash held as operator of joint ventures. For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 90 days, net of outstanding bank overdrafts.

u) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount, compared to the present value of estimated future cash flows, discounted at the original effective interest rate. Bad debts are written off when identified.

The Group's share of cash held in non operated joint ventures is classified as a receivable.

v) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

w) Provisions

Provisions are recognised when the Group has a legal or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

x) Contributed equity

Issued and paid up capital is recognised as the fair value of the consideration received by the Group.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

y) Earnings per share

Basic earnings per share are calculated as net profit attributable to members divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members adjusted for the after tax effect of dilutive potential ordinary shares that have been recognised as expenses during the period divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

z) Judgements in applying accounting policies and key sources of estimation uncertainty

(i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of recoverable hydrocarbons

Estimates of recoverable hydrocarbons impact the asset impairment assessment, depreciation and amortisation rates and decommissioning and restoration provisions.

Estimates of recoverable hydrocarbons are evaluated and reported by Competent Persons in accordance with Cooper Energy's Recoverable Hydrocarbon Guidelines (www.cooperenergy.com.au/policies). A technical understanding of the geological and engineering processes enables the recoverable hydrocarbon estimates to be determined by using forecasts of production, commodity prices, production costs, exchange rates, tax rates and discount rates.

Recoverable hydrocarbon estimates may change from time to time if any of the forecast assumptions are revised.

Taxation

The Group's accounting policy for taxation requires management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Judgements are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility changes in circumstances will alter expectation, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidated Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

z) Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting a corresponding credit or charge to the Consolidated Statement of Comprehensive Income.

Operating lease commitments

The Group has entered into a commercial property lease. The Group has determined that it does not retain any of the significant risks and rewards of ownership of this property and has thus classified the lease as an operating lease.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of oil reserves, future technological changes which could impact the cost of extraction, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable oil reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Impairment of capitalised development expenditure

The future recoverability of capitalised development expenditure is dependent on a number of factors, including the level of oil reserves and future technological changes which could impact the cost of extraction, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised development expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

Provisions for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of oil extraction and the majority of this expenditure is incurred at the end of a well's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the well), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other wells. The expected timing of expenditure can also change, for example in response to changes in oil reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

z) Judgements in applying accounting policies and key sources of estimation uncertainty

Share-based payments transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binominal model and applying the calculation criteria detailed in note 2 (j).

3. SEGMENT REPORTING

Identification of reportable segments and types of activities

This is the first time the Group has adopted AASB 8 Operating Segments. The accounting policies used by the Group in reporting segments are in accordance with the measurement principles of Australian Accounting Standards.

The Group's operates throughout the world and prepares reports internally and externally by continental geographical segments. Within each segment the costs of operations and income are prepared firstly by legal entity and then by joint venture. Revenue and outgoings are allocated by way of their natural expense and income category. These reports are drawn up on a quarterly basis. Resources are allocated between each segment on a as needs basis. Selective reporting is provided to the Board quarterly while the annual and bi – annual results are reported to the Board.

The following are the current geographical segments:

Australian Business Unit

Exploration and evaluation for oil and gas, development and production and sale of crude oil in assigned permit areas from various projects in the Cooper Basin located in South Australia. Revenue is derived from the sale of crude oil to a consortium of buyers made up of Santos Limited and its subsidiaries; Delhi Petroleum Pty Ltd and Origin Energy Resources Limited. Interest income is earned from the placement of funds with various Australian Banks for periods of up to six months.

African Business Unit

Exploration and evaluation for oil and gas in the Bargou and Hammamet permit area off the coast of Tunisia. No income is derived from these units.

Asian Business Unit

Exploration and evaluation for oil and gas in the South Madura permit area in Indonesia. No income is derived from these units.

Other prospective opportunities outside of these geographical segments are also considered from time to time and, if they are secured, will then be attributed to the continental geographical segment where they are located.

Accounting Policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period.

The following table presents revenue and profit information for reportable segments for the years ended 30 June 2010 and 2009.

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

3. SEGMENT REPORTING (continued)

	Australian Business Unit \$'000	African Business Unit \$'000	Asian Business Unit \$'000	Consolidated \$'000
Year ended 30 June 2010				
Revenue	40,030	-	-	40,030
Other revenue	4,315	-	-	4,315
Total consolidated revenue	44,345			44,345
Depreciation of property	(153)	-	-	(153)
Amortisation of:				
- Development costs	(3,437)	-	-	(3,437)
- Exploration costs	(1,364)	-	-	(1,364)
Share based payments	(354)	-	-	(354)
Exploration costs written off	(966)	(12,331)	-	(13,297)
Segment result				7,221
Income tax expense				(5,974)
Net Loss				1,247
Segment liabilities	11,310	-	-	11,310
Segment assets	117,613	12,201	6,593	136,407
Cash flow from:				
- Operating activities	21,179	-	-	21,179
- Investing activities	(6,108)	(14,405)	(1,803)	(22,316)
- Financing	185	-	-	185
Capital Expenditure	(5,923)	(14,405)	(1,803)	(22,131)
Year ended 30 June 2009				
Revenue	41,647	-	-	41,647
Other revenue	4,245	-	-	4,245
Total consolidated revenue	45,892			45,892
Depreciation of property	(83)	-	-	(83)
Amortisation of:				
- Development costs	(3,209)	-	-	(3,209)
- Exploration costs	(787)	-	-	(787)
Share based payments	(749)	-	-	(749)
Exploration costs written off	(797)	-	(19,705)	(20,502)
Segment result	24,746		(19,705)	5,041
Income tax expense				(7,857)
Net Loss				(2,816)
Segment liabilities	(12,927)	-	-	(12,927)
Segment assets	121,321	10,126	4,791	136,238
Cash flow from:				
- Operating activities	24,628	-	-	24,628
- Investing activities	4,200	-	-	4,200
- Financing	-	-	-	-
Capital Expenditure	(6,348)	(2,900)	(2,980)	(12,228)

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

4. REVENUES AND EXPENSES

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	Consolidated	
	2010	2009
	\$'000	\$'000
Revenues from Oil Operations		
Oil sales	40,030	41,647
Total revenue from oil sales	<u>40,030</u>	<u>41,647</u>
Cost of Sales		
Production expenses	(8,293)	(8,486)
Royalties	(4,086)	(2,908)
Amortisation of exploration areas under production	(1,364)	(787)
Amortisation of development costs in areas of production	(3,437)	(3,209)
Total cost of sales	<u>(17,180)</u>	<u>(15,390)</u>
Other Revenue		
Interest revenue	4,225	3,904
Dividend revenue	-	119
Joint venture fees	90	222
Total other revenue	<u>4,315</u>	<u>4,245</u>
Other Expenses		
Exploration and evaluation write-offs	(13,297)	(20,502)
General administration and other expenses	(5,790)	(3,420)
Share based payments	(354)	(749)
Loss on the sale of available for sale financial assets	-	(351)
Minimum lease payment – operating lease	(206)	(204)
Audit fees and other services provided by Ernst & Young	(131)	(139)
Depreciation of property, plant and equipment	(153)	(83)
Finance cost – accretion of rehabilitation cost	(13)	(13)
Total other expenses	<u>(19,944)</u>	<u>(25,461)</u>
Profit before tax	<u>7,221</u>	<u>5,041</u>

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

5. INCOME TAX

The major components of income tax expense are:

	Consolidated	
	2010 \$'000	2009 \$'000
Consolidated Statement of Comprehensive Income		
<i>Current income tax</i>		
Current income tax charge	4,849	8,328
Adjustments in respect of prior year income tax	(8)	94
	4,841	8,422
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	1,133	(565)
	1,133	(565)
Income tax expense reported in the Consolidated Statement of Comprehensive Income	5,974	7,857
Numerical reconciliation between tax expense and pre-tax net profit		
Profit before tax	7,221	5,041
Income tax using the domestic corporation tax rate of 30% (2009: 30%)	2,166	1,512
Increase (Decrease) in income tax expense due to:		
Non deductible expenditure	3,816	6,318
Adjustments in respect of prior year income tax	(8)	94
Other	-	(67)
	3,808	6,345
	5,974	7,857

Tax Consolidation

The parent entity and its 100% owned Australian resident subsidiary formed a tax consolidated group effective from 1 April 2007. Cooper Energy Limited is the head entity of the tax consolidated group that provides for the allocation of income tax liabilities between each other should the head entity default on its tax payment obligations. No amounts have been recognized in the financial statements in respect of this agreement on the basis that the possibility of default is remote. The Australian resident subsidiary has no current or deferred tax liability and does not carry on any other business following the withdrawal from the Seruway PSC in November 2008.

Members of the tax consolidated group have not entered into a tax funding agreement. Hence, no compensations is receivable or payable for any deferred tax asset or current tax payable (receivable) assumed by the head entity.

Unrecognized temporary differences

At 30 June 2010, there are no un recognised temporary differences associated with the Group's investments in subsidiaries or joint ventures, as the Group has no liability for additional taxation should unremitted earnings be remitted. (2009 \$ nil).

Franking Tax Credits

At 30 June 2010 the parent entity had franking tax credits of \$25,727,069 (2009: \$17,702,367). The fully franked dividend equivalent is \$60,029,828 (2009 \$41,305,523).

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

5. INCOME TAX (continued)

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deferred income tax				
Deferred income tax at the 30 June relates to the following:				
<i>Deferred tax liabilities</i>				
Trade and other receivables	2,684	2,146	630	(1,083)
Prepayments		-		(3)
Oil property	2,316	890	(53)	107
Exploration and evaluation	242	1,226	387	255
Unrealised currency translation gain	15	-		
	<u>5,257</u>	<u>4,262</u>		
<i>Deferred tax assets</i>				
Oil properties	35	-		-
Equity raising costs	414	761	213	213
Trade and other payables	27	(6)	(3)	6
Provision for employee entitlements	140	147	(51)	(55)
Provisions	223	82	(4)	
Unrealised currency translation loss	10	5	16	(5)
	<u>849</u>	<u>989</u>		
Deferred tax income (expense)			<u>1,133</u>	<u>(565)</u>
As represented on the Consolidated Statement of Financial Position, net deferred tax liability	<u>4,408</u>	<u>3,273</u>		

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net (loss)/profit for the year attributable to ordinary equity holders of the parent by the weighted average of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential options into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2010	2009
	\$'000	\$'000
Net profit/(loss) attributable to ordinary equity holders of the parent from continuing operations	1,247	(2,816)
	2010	2009
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	292,576	276,562
Effect of dilution:		
Share options	-	175
Weighted average number of ordinary shares adjusted for the effect of dilution	292,576	276,737
Basic earnings/(loss) per share for the period (cents per share)	0.4	(1.0)
Diluted earnings/(loss) per share for the period (cents per share)	0.4	(1.0)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

There no instruments excluded from the calculation of dilutive earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	2010 \$'000	2009 \$'000
Cash at bank and in hand	2,808	1,327
Short term deposits at banks (i)	89,465	90,710
	92,273	92,037
Term deposits at the bank (ii)	212	1,400
	92,485	93,437

(i) Short term deposits at the banks are for periods of up to 90 days and earn interests at money market interest rates.

(ii) Term deposits at the bank are for periods exceeding 90 days but not longer than one year and earn interests at money market interest rates.

The Group does not have any finance facilities as of 30 June 2009.

Reconciliation of net profit/(loss) after tax to net cash flows from operations.

NET PROFIT /(LOSS) FOR THE YEAR	1,247	(2,816)
<i>Adjustments for:</i>		
Amortisation of development costs in areas of production	3,437	3,209
Amortisation of exploration areas under production	1,364	787
Depreciation of property, plant and equipment	153	83
Exploration and development written off	13,297	20,502
Share based payments	354	749
Amortisation of share issue costs	-	106
Finance cost – accretion of rehabilitation cost	13	13
Loss/(Profit) on sale of financial assets	-	351
(Increase)/decrease in trade and other receivables	2,984	3,357
(Increase)/decrease in prepayments	(40)	(24)
(Decrease)/increase in deferred tax liabilities	1,135	(671)
(Decrease)/increase in trade and other payables	802	(1,727)
(Decrease)/increase in current tax liability	(3,676)	561
(Decrease)/increase in provisions	109	148
Net cash from operating activities	21,179	24,628

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

8. TRADE AND OTHER RECEIVABLES (current)

	Consolidated	
	2010 \$'000	2009 \$'000
Trade receivable (i)	8,563	11,543
Related party receivables (ii)	54	131
Interest receivable	385	312
	<u>9,002</u>	<u>11,986</u>

(i) Trade receivables are non-interest bearing and are generally on 30-90 days terms. There are no past due not impaired receivables.

(ii) All related party payments are current within agreed terms of trade and do not exceed 60 days.

9. PREPAYMENTS (current)

Insurance	114	74
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10. OIL PROPERTIES (non-current)

	Plant and Equipment \$'000	Transferred Exploration and Evaluation \$'000	Development \$'000	Total \$'000
Consolidated				
<i>As at 1 July 2008</i>				
Cost	471	5,712	20,063	26,246
Accumulated depreciation	(281)	(2,622)	(9,327)	(12,230)
	<u>190</u>	<u>3,090</u>	<u>10,736</u>	<u>14,016</u>
<i>Year end 30 June 2009</i>				
Carrying amount at 1 July 2008	190	3,090	10,736	14,016
Additions	172	640	4,716	5,528
Depreciation	(83)	(787)	(3,209)	(4,079)
Carrying amount at 30 June 2009	<u>279</u>	<u>2,943</u>	<u>12,243</u>	<u>15,465</u>
<i>As at 30 June 2009</i>				
Cost	615	6,273	24,779	31,667
Accumulated depreciation	(336)	(3,330)	(12,536)	(16,202)
	<u>279</u>	<u>2,943</u>	<u>12,243</u>	<u>15,465</u>
<i>Year end 30 June 2010</i>				
Carrying amount at 1 July 2009	279	2,943	12,243	15,465
Additions	208	2,032	2,454	4,694
Depreciation	(153)	(1,364)	(3,437)	(4,954)
Carrying amount at 30 June 2010	<u>334</u>	<u>3,611</u>	<u>11,260</u>	<u>15,205</u>
<i>As at 30 June 2010</i>				
Cost	727	8,304	27,233	36,468
Accumulated depreciation	(393)	(4,693)	(15,973)	(21,263)
	<u>334</u>	<u>3,611</u>	<u>11,260</u>	<u>15,205</u>

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

11. EXPLORATION AND EVALUATION (non-current)

	Consolidated	
	2010 \$'000	2009 \$'000
Regions of focus		
Africa	12,201	10,126
Asia	6,593	4,790
Australia	807	360
Total exploration and evaluation	19,601	15,276

Reconciliations of the carrying amounts of capitalised exploration at the beginning and end of the financial year are set out below:-

Carrying amount at 1 July	15,276	28,890
Expenditure	19,654	7,528
Transferred to oil properties	(2,032)	(640)
Unsuccessful exploration wells written off (i)	(13,297)	(20,502)
Carrying amount at 30 June	19,601	15,276

(i) Exploration write offs relate to exploration wells that were plugged and abandoned as dry holes, during the year.

12. TRADE AND OTHER PAYABLES (current)

Trade payables (1)	602	197
Other payables (1)	1,716	2,063
Accruals	2,891	2,427
	5,209	4,687
Related party payables	750	470
	5,959	5,157

(i) Trade and other payables are non-interest bearing and are normally settled on 30-90 day terms

13. PROVISIONS (non-current)

Long service leave provision	195	148
Restoration provision	549	474
	744	622
<i>Movement in carrying amount:</i>		
Carrying amount at 1 July	622	273
Additional provision	109	336
Increase through accretion	13	13
Carrying amount at 30 June	744	622

The Restoration Provision is the present value of the Group's share of the estimated cost to restore operating locations. The nature of restoration activities includes the obligations relating to the reclamation, waste site closure, plant closure, production facility removal and other costs associated with the restoration of the site.

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

14. CONTRIBUTED EQUITY AND RESERVES

	Consolidated	
	2010 \$'000	2009 \$'000
<i>Share capital</i>		
<i>Ordinary shares</i>		
Issued and fully paid	98,657	98,472

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent does not have authorised capital nor par value in respect of its issued shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends

	Thousands	\$'000
<i>Movement in ordinary shares on issue</i>		
At 30 June 2008	252,263	88,385
Issued as part of the acquisition of a financial asset.	39,663	9,981
Cost of issue	-	106
At 30 June 2009	291,926	98,472
Issued from the exercise of options	650	185
At 30 June 2010	292,576	98,657

Share options

The Group has a share based payment option scheme under which options to subscribe for the parent entity's shares have been granted to key management personnel and senior employees (refer note 18)

Reserves

	Consolidation reserve \$'000	Net unrealised gain (loss) reserve \$'000	Option premium reserve \$'000	Share based payment reserve \$'000	Total \$'000
Consolidated					
At 30 June 2008	(541)	200	25	1,425	1,109
Share-based payments	-	-	-	749	749
Net loss recognised directly in equity	-	(200)	-	-	(200)
At 30 June 2009	(541)	-	25	2,174	1,658
Share-based payments	-	-	-	354	354
At 30 June 2010	(541)	-	25	2,528	2,012

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

14. CONTRIBUTED EQUITY AND RESERVES (continued)

Nature and purpose of reserves

Consolidation reserve

The reserve comprises the premium paid on acquisition of minority shareholdings in a controlled entity.

Net unrealised gain (loss) reserve

The reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised or until the investment is determined to be impaired.

Option premium reserve

This reserve is used to accumulate amounts received from the issue of options. The reserve can be used to pay dividends or issue bonus shares.

Share based payment reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to note 19 for further details of these plans.

Retained earnings

	Consolidated	
	2010	2009
	\$'000	\$'000
Movement in retained earnings were as follows:		
Balance 1 July	23,181	25,997
Net profit/(loss) for the year	1,247	(2,816)
Balance at 30 June	24,428	23,181

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintain optimal return to shareholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity commensurate with the business risk.

As the equity market is constantly changing management may issue new shares to provide for future exploration or developments activities. Management has no current plans to issue further shares or to borrow any funds.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits, receivables, available for sale investments and payables.

The Group manages its exposure to key financial risks in accordance with its risk management policy with the objective to ensure that the financial risks inherent in oil and gas exploration activities are identified and then managed or kept as low as reasonably practicable.

The main financial risks that arise in the normal course of business for the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring exposure to foreign exchange risk and assessments of market forecast for interest rate, foreign exchange and commodity prices. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

It is, and has been, throughout the period under review, the Board's policy that no speculative trading in financial instruments be undertaken.

Primary responsibility for identification and control of financial risks rests with the Managing Director and the Chief Financial Officer, under the authority of the Board. The Board is apprised of these and other risks at Board meetings and agrees any policies that may be taken to manage any of the risks identified below.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial instrument are disclosed in Note 2 to the financial statements.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

	Carrying amount		Fair value	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Consolidated				
<i>Financial assets</i>				
Cash	92,485	93,437	92,485	93,437
Trade and other receivables	9,002	11,986	9,002	11,986
<i>Financial liabilities</i>				
Trade and other payables	5,959	5,157	5,959	5,157

The financial assets and liabilities of the Group are recognised in the consolidated statement of financial position in accordance with the accounting policies set out in Note 2. The following summarises the significant methods and assumptions used in estimating the value of financial instruments:

Trade and other receivables

The carrying value is a reasonable approximation of their values due to the short-term nature of trade receivables.

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk Exposure and Response.

Market Risk

Foreign currency risk

The Group has transactional currency exposure arising from all its sales which are denominated in United States dollars, whilst almost all its costs are denominated in the Group's functional currency of Australian dollars.

In addition the Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Transaction exposures, where possible, are netted off across the Group to reduce volatility and provide a natural spread.

The Group may from time to time have cash denominated in United States dollars.

Currently the Group has no foreign exchange hedge programmes in place. The Chief Financial Officer manages the purchase of foreign currency to meet exploration requirements, which cannot be netted off against US Dollar's receivables.

The financial assets denominated in US Dollars are as follows:-

	Consolidated	
	2010 \$'000	2009 \$'000
<i>Financial assets</i>		
Cash	3,859	4
Trade and other receivables	8,580	9,377
<i>Financial liabilities</i>		
Trade and other payables	1,649	1,204

The following table summarises the sensitivity of financial instruments held at the year end, to movements in the exchange rates for the Australian dollar to the US dollar, with all other variables held constant. The 10% sensitivity in 2010 is based on the changes over the previous two financial years.

	Impact on after tax profit	
	2010 \$'000	2009 \$'000
<i>If the Australian dollar were higher at the balance date</i>	(1,044)	(681)
<i>If the Australian dollar were lower at the balance date</i>	1,277	832
	Impact on other comprehensive income	
	2010 \$'000	2009 \$'000
<i>If the Australian dollar were higher at the balance date</i>	-	-
<i>If the Australian dollar were lower at the balance date</i>	-	-

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Price risk

The Group is exposed to commodity price risk.

Commodity price risk arises from the sale of oil denominated in US dollars. The Group does not sell forward any of its oil and has no financial instruments at report date that relates to commodity prices.

Credit risk

Credit risk arises from the financial assets of the Group which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group trade only with recognised creditworthy third parties. The Group has had no exposure to bad debts.

The Group has a concentration of credit risk with short term receivables due from three entities with all cash and short term deposits held at two financial institutions that have an Australian rating agency determined AA credit rating.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet all financial commitments in a timely and cost-effective manner. The Managing Director and Chief Financial Officer constantly reviews the liquid position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

At the balance dates, all financial liabilities are interest free and are payable within 30 to 90 days.

Interest rate opportunity profit risk

The Group has no borrowings at 30 June 2010 (2009: \$ nil) nor has the Group drawn and repaid any loans from a financial institution during the reporting period.

It has no undrawn credit facilities with any financial institution.

The Group has no investment in financial instruments nor has it invested in financial instruments during the reporting period. Accordingly the Group has no exposure to an interest rate risk that could impact on the fair value of the non financial instrument.

	Impact on after tax profit	
	2010	2009
	\$'000	\$'000
<i>If the interest rate were 1% higher at the balance date</i>	895	907
<i>If the interest rate were 1% lower at the balance date</i>	(895)	(907)
	Impact on other comprehensive income	
	2010	2009
	\$'000	\$'000
<i>If the interest rate were 1% higher at the balance date</i>	-	-
<i>If the interest rate were 1% lower at the balance date</i>	-	-

Any fluctuation of the interest rate either up or down will have no impact on the value of the cash on deposit at the banks. The Group does not invest in financial instruments.

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

16. COMMITMENTS AND CONTINGENCIES

	Consolidated	
	2010 \$'000	2009 \$'000
Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:		
Within one year	471	244
After one year but not more than five years	1,839	124
After more than five years	413	-
Total minimum lease payments	2,723	368

The parent entity leases a suite of offices from which it conducts its operations. The lease is for seven years with an option to renew after that date.

A joint venture, in which the Group is a participant, may have to pay taxes inclusive of penalties arising from fiscal obligations incurred before the Group acquired an equity interest in a production sharing contract. In terms of an agreement with the vendor of the production sharing contract, any pre-acquisition taxes and penalties can be recovered from the vendor. Any liability that may arise is not expected to exceed \$264,000 (2009: \$264,000) and will be fully recoverable from the vendor of the equity interest.

The syndicate of buyers of all oil produced by the parent entity are in disagreement with the State Government of South Australia over the level of charges, set at the port of export, which are on charged to the parent entity. The Parent entity is not a party to any of the discussions with the State Government of South Australia. At this stage, the syndicate of buyers and the State Government of South Australia are in discussion to resolve their points of difference. At this time no claim has been received by the Parent entity. However in the event that a claim is made on the Parent entity or either of the above parties commences legal action, the Directors will then further assess liability recognition. At the date of this report the Parent entity estimates that the maximum contingent exposure, before any penalties and other charges, could be \$913,000 (2009: \$740,000) if the syndicate of buyers are not successful in resolving the disagreement.

17. INTEREST IN JOINT VENTURE ASSETS

The group has interests in a number of joint ventures which are involved in the exploration and/or production of oil in Australia, Indonesia and Tunisia. The Group has the following interests in joint ventures in the following major areas:

			Ownership Interest	
			2010	2009
<i>a) Joint Ventures in which Cooper Energy Limited is the operator/manager</i>				
Australia				
PEL 110	Oil and gas exploration	20%	40%	
PEL 495	Oil and gas exploration	100%	100%	
Indonesia				
Sukananti KSO	Oil and gas exploration	55%	-	
South Madura PSC	Oil and gas exploration	30%	30%	
Tunisia				
Bargou Exploration Permit	Oil and gas exploration	100%	100%	
<i>b) Joint Ventures in which Cooper Energy Limited is not the operator/manager</i>				
Australia				
PEL 90	Oil and gas exploration	25%	25%	
PEL 92	Oil and gas exploration and production	25%	25%	
PEL 93	Oil and gas exploration and production	30%	30%	
PEL 100	Oil and gas exploration	19.165%	19.165%	
Tunisia				
Hammamet Exploration Permit	Oil and gas exploration	35%	35%	

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

17. INTEREST IN JOINT VENTURE ASSETS (continued)

Other than detailed on the previous page, the Groups' ongoing funding obligation to each Joint Venture is no greater than the ownership interest in that joint venture. The share of assets, liabilities and expenses of the joint venture which are included in the financial statements, are as follows:-

	Consolidated	
	2010	2009
	\$'000	\$'000
ASSETS		
Non-Current Assets		
Oil properties	14,871	15,186
Exploration and evaluation	11,112	10,251
Total Non-Current Assets	<u>25,983</u>	<u>25,437</u>
LIABILITIES		
Current Liabilities		
Trade and other payables	2,399	1,569
Total Current Liabilities	<u>2,399</u>	<u>1,569</u>
NET ASSETS	<u>23,538</u>	<u>23,868</u>
Revenue	40,030	41,647
Production expenses	8,293	8,486
Royalties	4,086	2,908
Amortisation of exploration areas under production	1,364	787
Amortisation of development costs in areas of production	3,437	3,209
Exploration and development write offs	<u>13,297</u>	<u>20,502</u>

Refer to note 16 for details of joint venture contingencies.

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

18. RELATED PARTIES

Identity of related parties

The Group has a related party relationship with its subsidiaries, joint ventures (see note 19) and with its key management personnel (refer to disclosure for key management personnel below).

Key management personnel disclosures

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

<i>Non-executive directors</i>	<i>Executive Directors</i>
Mr L.J. Shervington (Chairman)	Mr M.T. Scott (Managing Director)
Mr C.R. Porter	Mr G.G. Hancock
Mr S.H. Abbott	
Executives	
Mr C.D. Todd (Exploration Manager)	Mr D. Gilles (New Ventures Manager)
Mr T.J. Magee (Chief Geologist)	Mr A. Craig (Chief Geophysicist)
Mr J.A. Baillie (Chief Financial Officer)	

The key management personnel compensation included in Other Expenses (see note 4) are as follows:

	Consolidated	
	2010	2009
Short-term benefits	3,022,270	2,509,963
Post-employment benefits	119,372	115,565
Share-based payments	390,323	818,804
Total	3,531,965	3,444,332

Individual directors' and executives' compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosures is provided in the Remuneration Report section of the Directors' report on pages 4 to 13.

Apart from the details disclosed in this note, no director has entered into a material contract with the parent entity or the Group since the end of the previous financial year and there were no material contracts involving directors' interest existing at year-end.

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

18. RELATED PARTIES (continued)

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Cooper Energy Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2009	Granted	Exercised	Held at 30 June 2010	Vested during the year	Vested and exercisable
Directors						
Mr M.T. Scott	7,400,000	-	500,000	6,900,000	1,666,667	5,233,333
Mr G.G. Hancock	3,000,000	-	-	3,000,000	1,000,000	2,000,000
Executives						
Mr C.D. Todd	4,500,000	-	-	4,500,000	1,033,334	3,666,667
Mr T.J. Magee	1,750,000	-	150,000	1,600,000	566,667	1,183,334
Mr D. Gilles	350,000	-	-	350,000	125,000	225,000
Mr A.N. Craig	675,000	-	-	675,000	266,667	508,334
Mr J.A. Baillie	675,000	-	-	675,000	266,667	508,334

	Held at 1 July 2008	Granted	Exercised	Held at 30 June 2009	Vested during the year	Vested and exercisable
Directors						
Mr M.T. Scott	7,400,000	-	-	7,400,000	2,300,000	4,066,667
Mr G.G. Hancock	3,000,000	-	-	3,000,000	1,000,000	1,000,000
Executives						
Mr C.D. Todd	4,300,000	200,000	-	4,500,000	1,433,333	2,633,333
Mr T.J. Magee	1,600,000	150,000	-	1,750,000	483,334	766,666
Mr D. Gilles	-	350,000	-	350,000	100,000	100,000
Mr A.N. Craig	500,000	175,000	-	675,000	166,667	241,668
Mr J.A. Baillie	500,000	175,000	-	675,000	166,667	241,668

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

18. RELATED PARTIES (continued)

Options and rights over equity instruments not exercisable

The movement during the reporting period in the number of options vested but not exercisable over ordinary shares in Cooper Energy Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2009	Granted	Exercisable	Held at 30 June 2010
Directors				
Mr M.T. Scott	3,333,333	-	1,666,667	1,666,667
Mr G.G. Hancock	2,000,000	-	1,000,000	1,000,000
Executives				
Mr C.D. Todd	1,866,667	-	1,033,334	833,333
Mr T.J. Magee	983,332	-	566,666	416,666
Mr D. Gilles	250,000	-	125,000	125,000
Mr A.N. Craig	553,333	-	386,666	166,666
Mr J.A. Baillie	433,333	-	266,667	166,666
	Held at 1 July 2008	Granted	Exercisable	Held at 30 June 2009
Directors				
Mr M.T. Scott	5,633,333	-	2,300,000	3,333,333
Mr G.G. Hancock	3,000,000	-	1,000,000	2,000,000
Executives				
Mr C.D. Todd	3,100,000	200,000	1,433,333	1,866,667
Mr T.J. Magee	1,316,666	150,000	483,334	983,332
Mr D. Gilles		350,000	100,000	250,000
Mr A.N. Craig	620,000	175,000	241,667	553,333
Mr J.A. Baillie	500,000	175,000	241,667	433,333

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

18. RELATED PARTIES (continued)

Movement in shares

The movement during the reporting period in the number of ordinary shares in Cooper Energy Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2009	Purchases	Received on exercise of options	Sales	Held at 30 June 2010
Directors					
Mr L. J. Shervington	405,933	-	-	-	405,933
Mr C.R Porter	525,933	-	-	-	525,933
Mr M.T. Scott	561,500	-	500,000	310,000	751,500
Mr G.G. Hancock	2,600,001	-	-	-	2,600,001
Mr S.H. Abbott	60,000	-	-	-	60,000
Executives					
Mr C.D. Todd	207,865	-	-	-	207,865
Mr T.J. Magee	30,000	40,000	150,000	150,000	70,000
Mr A Craig	3,845	-	-	-	3,845

	Held at 1 July 2008	Purchases	Received on exercise of options	Sales	Held at 30 June 2009
Directors					
Mr L. J. Shervington	405,933	-	-	-	405,933
Mr C.R Porter	525,933	-	-	-	525,933
Mr M.T. Scott	557,881	3,619	-	-	561,500
Mr G.G. Hancock	3,600,001	-	-	1,000,000	2,600,001
Mr S.H. Abbott	60,000	-	-	-	60,000
Executives					
Mr C.D. Todd	207,865	-	-	-	207,865
Mr T.J. Magee	30,000	40,000	-	-	70,000
Mr A. Craig	3,845	-	-	-	3,845

Shares held by key management personnel's related parties

The movement during the reporting period in the number of ordinary shares in Cooper Energy Limited held, directly, indirectly or beneficially, by each key management person's related parties, is as follows:

	Held at 1 July 2009	Purchases	Received on exercise of options	Sales	Held at 30 June 2010
Directors					
Mr C.R Porter	525,933	-	-	-	525,933
Mr M.T. Scott	550,000	-	500,000	310,000	740,000
Mr G.G. Hancock	875,001	-	-	-	875,001
Mr S.H. Abbott	60,000	-	-	-	60,000
Mr C.D. Todd	207,865	-	-	-	207,865
Mr T.J. Magee	30,000	40,000	-	-	70,000

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

18. RELATED PARTIES (continued)

Shares held by key management personnel's related parties (continued)

	Held at 1 July 2008	Purchases	Received on exercise of options	Sales	Held at 30 June 2009
Directors					
Mr C.R Porter	525,933	-	-	-	525,933
Mr M.T. Scott	550,000	-	-	-	550,000
Mr G.G. Hancock (*)	600,001	-	-	-	875,001
Mr S.H. Abbott	60,000	-	-	-	60,000

* Mr G.G. Hancock transferred 275,000 shares to a related party

Subsidiaries

The Group financial statements include the financial statements of Cooper Energy Limited and the subsidiaries listed in the following table.

Name	Country of incorporation	Equity interest		Loans		Investments	
		2010	2009	2010	2009	2010	2009
		%	%	\$'000	\$'000	\$'000	\$'000
South Madura Exploration Company Ltd	British Virgin Islands	100	100	6,027	5,051	-	-
Cooper Energy Sukananti Limited	British Virgin Islands	100	-	827	-	-	-
CE Tunisia Bargou Ltd	British Virgin Islands	100	100	7,948	5,100	-	-
CE Hammamet Ltd	British Virgin Islands	100	100	4,422	5,195	-	-
				19,224	15,346	-	-

Loans are made by the parent entity to wholly owned subsidiaries for investment in various joint ventures exploring for hydrocarbons. The loans are interest free and repayable on demand.

There were no transactions between subsidiaries during the financial year (2009: \$nil).

Joint Venture

During the reporting period, the Group provided geological and technical services to joint ventures it manages at a cost of \$ 90,000 (2009: \$222,000). At the end of the financial period, \$47,000 was outstanding for these services (2009: \$125,000).

An impairment assessment is undertaken each financial year by examining the financial position of the related party and their investment in the respective joint venture's that are prospecting for hydrocarbons to determine whether there is objective evidence that a related party receivables is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

Notes to the Financial Statements (continued)

for the year ended 30 June 2010

19. SHARE BASED PAYMENT PLANS

On 9 January 2002, the consolidated entity established a share option plan that enables employees to purchase shares in the parent entity. Further details are set out in the Remuneration Report contained in the Directors Report at pages 4 to 13.

Information with respect to the number of options granted to employees is as follows:

Granted in the year ended	Number of options granted	Vesting conditions (if any)	Average exercise price (cents)	Average contractual life of options at grant date in years
30 June 2003	2,500,000	none	25	5
30 June 2004	3,000,000	none	25	4
30 June 2005	1,900,000	none	25 to 40	5
30 June 2006	4,100,000	See below	55	5
30 June 2007	500,000	Nil	Nil	Nil
30 June 2008	12,875,000	See below	100	4
30 June 2009	1,800,000	See below	55 to 75	3
	<u>26,675,000</u>			

On 21 May 2009, a number of employees were granted 475,000 options to subscribe for 475,000 shares in the parent entity at an exercise price of 55 cents each; 875,000 options to subscribe for 875,000 shares in the parent entity at an exercise price of 75 cents each and 450,000 options to subscribe for 450,000 shares in the parent entity at an exercise price of 75 cents each. The vesting date for these options tranches is 30 June 2009; 30 June 2010 and 30 June 2011.

On 26 November 2007, a number of employees were granted 12,875,000 options to subscribe for shares in the parent entity at an exercise price of 100 cents each. The vesting date for these options, in three equal tranches, is 1 January 2009; 1 January 2010 and 1 January 2011.

On 1 May 2007, an employee was granted 500,000 options to subscribe for shares in the parent entity at an exercise price of 75 cents each. The vesting date for these options is when the employee is instrumental in introducing hydrocarbon opportunities that is accepted by the Board.

The number and weighted average exercise prices of share options held by employees is as follows:

	Weighted average exercise price (cents) 2010	Number of options 2010	Weighted average exercise price (cents) 2009	Number of options 2009
Balance at beginning of year	88.1	20,545,000	89.3	18,895,000
- granted		-	75.0	1,800,000
- exercised	28.5	(650,000)		-
- expired and not exercised	75.0	(500,000)		-
- forfeited following employee resignation		-	80.0	(150,000)
Balance at end of year	90.4	<u>19,395,000</u>	88.1	<u>20,545,000</u>
Exercisable at end of year		<u>14,795,000</u>		<u>10,636,667</u>

The options outstanding at 30 June 2010 have an exercise price in the range of 55 cents to \$1.00 and a weighted contractual life of 13 months remaining.

All the options were issued for nil consideration, and, other than 500,000 granted to an employee on 1 May 2007, have no associated performance hurdles. The unlisted options are issued with various expiration dates. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the period of the options. All options are settled by physical delivery of shares.

During the financial year, 650,000 share options were exercised (2009: nil). The weighted average share price at the dates of exercise in 2010 was 44 cents.

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

19. SHARE BASED PAYMENT PLANS (continued)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the binomial option-pricing model. The contractual life of the option is used as an input in to this model. Expectations of early exercise are incorporated into the binominal option-pricing model.

<i>Fair value of share options and assumptions</i>	21 May 2009	21 May 2009	21 May 2009
Fair value at measurement date	6.24 cents	5.97 cents	5.90 cents
Share price	43 cents	43 cents	43 cents
Exercise price	55 cents	75 cents	100 cents
Expected volatility	50%	50%	50%
Option life	1.5 years	2.5 years	3.5 years
Expected dividends	-	-	-
Risk free interest rate	3.43%	3.87%	4.23%

<i>Fair value of share options and assumptions</i>	26 November 2007	1 December 2005
Fair value at measurement date	14.7 cents	14.1 cents
Share price	66 cents	39 cents
Exercise price	100 cents	55 cents
Expected volatility	50%	50%
Option life	4 years	5 years
Expected dividends	-	-
Risk free interest rate	6.5%	5.154%

The expected volatility is based on the historic volatility adjusted for any expected changes to future volatility due to publicly available information.

Employee expenses

	Consolidated	
	2010 \$'000	2009 \$'000
Share options granted in 2006 equity settled	-	26
Share options granted in 2007 equity settled	-	(14)
Share options granted in 2008 equity settled	257	737
Share options granted in 2009 equity settled	96	-
Total expenses recognised in employee costs	353	749

20. AUDITOR'S REMUNERATION

	Consolidated	
	2010	2009
The auditor of Cooper Energy Limited is Ernst & Young		
Amounts received or due and receivable by Ernst & Young Australia for:		
Auditing and review of financial reports of the entity and the consolidated group	131,350	103,000
Other services	-	25,750
	131,350	128,750
Amounts received or due and receivable by related practices of Ernst & Young Australia for:		
Auditing and review of financial reports of an entity in the consolidated group	-	9,645
	131,350	138,395

Notes to the Financial Statements (continued)
for the year ended 30 June 2010

21. PARENT ENTITY INFORMATION

Information relating to Cooper Energy Limited	Parent Entity	
	2010 \$'000	2009 \$'000
Current Assets	101,601	105,497
Total Assets	136,836	136,668
Current Liabilities	6,158	9,032
Total Liabilities	11,310	12,927
Issued capital	98,657	98,472
Retained profits	24,315	23,069
Option premium reserve	25	25
Share based payment reserve	2,529	2,175
Total shareholders' equity	125,526	123,741
Profit/(loss) or loss of the parent entity	1,247	(3,041)
Total comprehensive income of the parent entity	24,316	23,069
Commitments and Contingencies		
Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:		
Within one year	471	244
After one year but not more than five years	1,839	124
After more than five years	413	-
Total minimum lease payments	2,723	368

The parent entity leases a suite of offices from which it conducts its operations. The lease is for seven years with an option to renew after that date.

The syndicate of buyers of all oil produced by the parent entity are in disagreement with the State Government of South Australia over the level of charges, set at the port of export, which are on charged to the parent entity. The Parent entity is not a party to any of the discussions with the State Government of South Australia. At this stage, the syndicate of buyers and the State Government of South Australia are in discussion to resolve their points of difference. At this time no claim has been received by the Parent entity. However in the event that a claim is made on the Parent entity or either of the above parties commences legal action, the Directors will then further assess liability recognition. At the date of this report the Parent entity estimates that the maximum contingent exposure, before any penalties and other charges, could be \$913,000 (2009: \$740,000) if the syndicate of buyers are not successful in resolving the disagreement.

22. EVENTS AFTER FINANCIAL REPORTING DATE

Subsequent to the 30 June 2010, the parent entity has acquired shares in Zeta Petroleum Limited for \$1,625,000. In addition the parent entity has entered into a further commitment to subscribe for a further tranche of shares up to a value of £700,000 on or before the 30 April 2011. The parent entity has also undertaken from January 2011 to July 2012, subject to various performance milestones been met, to subscribe for successive tranches of shares to the value of \$US13,600,000 in Zeta Petroleum Limited.

Subsequent to the year end, a wholly owned subsidiary participated in the drilling of an exploration well in Indonesia. The drill was not successful. The subsidiary's share of the estimated cost of the well is \$US1,600,000.

Directors' Declaration

In accordance with a resolution of the directors of Cooper Energy Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2b;
- (c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

Signed in accordance with a resolution of the Directors.



Mr M.T. Scott
Managing Director
30 August 2010

Independent auditor's report to the members of Cooper Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of Cooper Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2b, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

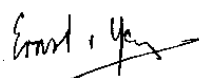
1. the financial report of Cooper Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the consolidated entity at 30 June 2010 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 13 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Cooper Energy Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



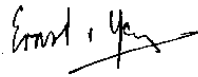
Ernst & Young



R A Kirkby
Partner
Perth
30 August 2010

Auditor's Independence Declaration to the Directors of Cooper Energy Limited

In relation to our audit of the financial report of Cooper Energy Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'R A Kirkby'.

R A Kirkby
Partner
30 August 2010

Corporate Directory

Directors

Laurence J SHERVINGTON (Chairman)
Michael T SCOTT (Managing Director)
Gregory G HANCOCK
Christopher R PORTER
Stephen H ABBOTT

Company Secretary

Ian E GREGORY

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Perth, Western Australia 6000

Solicitors

Minter Ellison
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Piper-Alderman
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Bankers

National Australia Bank Limited
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Share Registry

Computershare Registry Services Pty Limited
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Reserve Bank Building
45 St George's Terrace
Perth, Western Australia 6000