COOPER ENERGY LIMITED
and its controlled entities

ABN 93 096 170 295

FINANCIAL REPORT

31 December 2016

Appendix 4D
Interim Financial Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	31 December 2016 31 December 2015

Results for announcement to the market

	Percentage Change %	**Amount $'000 Dec 16**	Amount $'000 Dec 15
Revenue from ordinary activities	27.2%	**7,781**	10,691
Net Loss after tax from continuing operations	83.8%	**-3,719**	-23,008
Total loss for the period attributable to members	75.8%	**-8,240**	-34,107
Net tangible assets per share (inclusive of exploration and development expenditure capitalised)		**22.1 cents**	21.6 cents

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

Review and Results of Operations

The attached Operating and Financial Review provides further information and explanation.

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Operating and Financial Review
For the half-year ended 31 December 2016

Summary overview

Three significant developments during the six months to 31 December 2016 ("the period") have fundamentally changed the Company's revenue base, geographic sphere of operations and capital expenditure outlook:

- the transaction announced (completed 10 January 2017) to acquire gas production, exploration and development assets in the Otway and Gippsland Basins, offshore Victoria, (the "Victorian Gas Assets") and the capital management initiatives undertaken to fund this transaction;
- the progression of the Sole gas project towards an imminent project sanction; and
- agreements made, and actions taken, to complete the concentration of activities and resources in Australia.

The first of these items has transformed the Company through reorienting its principal source of production and revenue to gas, upgraded production expectations for the current and subsequent years, added reserves, increased operating capabilities and generally expanded the scale of the Company. The second item holds the potential for greater uplift in reserves at 30 June 2017 and for expectations of production revenue and scale from 2019 onwards.

As these developments have, or will, occur after 31 December their impact is not apparent in the half year accounts. However, full year expectations of production, revenue, capital management and expenditure have been upgraded significantly as a result. These impacts are discussed under the headings "Business strategies and prospects" and "Outlook" later in this report.

The Company recorded a statutory loss for the period of $8.2 million, of which $4.7 million is due to significant items, mainly impairments recorded against Indonesian assets held for sale and provisions associated with the Company's exit from Tunisia. Exclusive of these significant items, Cooper Energy recorded an underlying loss of $3.5 million. Analysis of these and other results, including comparison with previous periods, appears under the heading "Financial Performance" later in this report.

Operations

Cooper Energy is a petroleum exploration and production company which generates revenue from the supply of gas to south-east Australia and oil production in the Cooper Basin. The Company's current interests and operations include:

- offshore gas production in the Otway Basin, Victoria from the Casino Henry gas project, effective from 1 January 2017;
- onshore oil production and exploration from the western flank of the Cooper Basin;
- development of projects in the Gippsland Basin to supply gas to south-east Australia; and
- onshore and offshore gas exploration in the Otway Basin

Safety

A single recordable case injury occurred during the period, resulting in a Total Recordable Case Frequency Rate (TRCFR) of 1.29 for the 6 months to 31 December 2016 compared with zero for the previous corresponding period.

Production

Cooper Energy produced 0.19 million barrels of oil (MMbbl) in the period at an average direct cost of A$29.68/bbl, which compares with 0.25 MMbbl (average direct cost of A$30.79/bbl) in the previous corresponding period. The movement in volume between periods is attributable to lower production from the Cooper Basin, where the suspension of drilling in the previous year has been reflected in declining production rates.

The Cooper Basin contributed 0.13 MMbbl, or 69%, of the Company's oil production during the period, with the balance sourced from the Tangai- Sukananti KSO in the South Sumatra Basin, Indonesia.

Portfolio management
The period since 1 July to the date of this report has seen the Company fulfil the two core objectives of the portfolio management strategy in place since 2012:

1. concentration of the portfolio on Australian assets has been completed, with agreements for the sale of the remaining Indonesian asset and assignment of the remaining Tunisian licence interest;
2. the acquisition of assets that establish Cooper Energy as a supplier of gas to south-east Australia from 1 January 2017 and well into the future: a 50% interest in the Casino Henry joint venture; and additional 50% interest acquired in the Sole gas project and Orbost Gas Plant. Other gas related assets acquired include a 50% stake in the VIC/P44 gas exploration acreage in the offshore Otway Basin and a 100% interest in the depleted Patricia Baleen gas field in the Gippsland Basin. The acquisition of these assets is effective from 1 January 2017. The acquisition of a 10% interest in the Minerva gas project and Minerva Gas Plant is yet to complete.

   The Company has initiated the process to be appointed Operator of all of the assets acquired, excepting the Minerva gas field and gas plant. This process, which includes the submission and subsequent regulatory review of safety and environmental management documentation, is expected to be completed by mid-2017.

Discussion of the Company's strategies and prospects for its portfolio is provided under the heading "Business Strategies and Prospects" from page 9 of this report.

Gippsland Basin gas projects
Commercialisation of the Company's gas resources in the Gippsland Basin is the principal element of the Company's growth strategy and accounted for 80% of capital expenditure during the period. The Company's interests in the region as at the date of this report comprise:

- a 100% interest in VIC/RL3, which holds the Sole gas field; Sole is assessed to contain contingent resources (2C) of 249 PJ;
- a 100% interest in the Orbost Gas Plant, which is currently in care and maintenance and ideally located to process gas from Sole and other Gippsland Basin fields;
- a 100% interest in VIC/RL13, RL14 and RL15, which hold the Manta gas field. Manta is assessed to contain contingent resources (2C) of 106 PJ; and
- a 100% interest in VIC/RL/22 which contains the depleted Patricia Baleen gas field, and infrastructure offering connection to the Orbost Gas Plant.

The Company is working towards a two phase development program involving development of Sole to supply gas from 2019 and a subsequent development of Manta.

Phase1: Sole gas project (VIC/ RL3)
The Sole gas project is on schedule for supply of first gas into the plant by March 2019. The project sanction was rescheduled to March 2017 in view of the increase in equity to 100%. Aside from the funding requirements for the acquisition, the increased equity effectively doubled the pre-sanction gas marketing target requirement. This revised gas marketing target has been achieved. The project is now at the point where the single remaining major milestone, the determination of funding, is in progress and proceeding towards its final phase.

Milestones and events since the last report to shareholders that have advanced the project towards development are:

- the finalisation of a project development plan involving two horizontal wells. The two well development plan offers increased reserves, the possibility of higher early production subject to plant capacity, enhanced redundancy and economies in the drilling;
- the increase in the Company's stake in Sole from 50% to 100%;
- the signing of gas sales agreements with Alinta Energy, EnergyAustralia and AGL Energy which have taken total gas contracted to the pre-sanction target of 20 PJ per annum for the first 5 years of production. These contracted sales, which account for 80% of the anticipated annual output of 25 PJ per annum, provide sufficient revenue assurance for the attraction of finance;
- As announced, a non-binding Heads of Agreement with APA Limited has been signed, under which the two companies have agreed to exclusively negotiate APA's acquisition, upgrade, and operation of the

strategically located Orbost Gas Plant in conjunction with Cooper Energy's development of the offshore Sole gas field. The sale of the plant would reduce the funding requirements of the project for Cooper Energy and enable the company to concentrate its resources on its core business of exploration, upstream development and gas commercialisation. The Heads of Agreement with APA enables Cooper Energy to retain 100% equity in the Sole gas project through the value accretive stage from project sanction through to first gas. The company is advanced in its preparations for final financing for the capital cost of the upstream elements of the project for which Cooper Energy is responsible, estimated to be approximately $355 million; and

- trading and trends in the Australian energy market which have reinforced expectation of a tighter gas market from 2018 onwards.

*Phase 2: Manta (*VIC/RL 13, VIC/RL 14 and VIC/RL 15)
Development of the Manta gas field for production of the field's contingent resources (2C) of 106 PJ of gas and 2.6 MMbbl of condensate (gross 2C Contingent Resources) has been identified as an economic opportunity. The development concept requires the drilling of the Manta-3 appraisal well, subsea installations and the construction of a pipeline for transportation of gas and liquids produced to the Orbost Gas Plant for separation and processing. The Manta-3 well is also expected to address potential for additional gas located above and below known gas-bearing reservoirs.

Commercialisation of the Manta field in coordination with the adjacent Sole gas field offers substantial project synergies and the development planning is taking account of this opportunity. To this end, Manta development is being planned as a second phase Gippsland gas project, commencing with the drilling of the appraisal well as part of the rig program for the Sole development well in FY18. Current expectations are that Manta development would be timed for FID shortly after Sole commences production with first gas approximately 2 years subsequent.

Exploration and development
Drilling activity, which had been suspended in FY16 due to the low oil price environment, recommenced during the quarter with the spudding of 4 wells in the Company's Cooper Basin acreage. Two development wells, Callawonga-12 in PPL 220 and Worrior-11 in PPL 207, were successful and cased and suspended. Penneshaw-1 an oil exploration well in PRL 87, and Butlers-9 an oil appraisal well in PPL 245, were plugged and abandoned.

No further drilling is planned for FY17.

Activities to advance the Sole gas project towards sanction have been the principal focus of the Company's technical activity with results as reported above, under the heading "Gippsland Basin gas projects".

Financial Performance

Cooper Energy recorded a statutory loss after tax of $8.2 million for the six months to 31 December which compares with the loss after tax of $34.1 million recorded in the 2016 first half. The 2017 first half statutory loss includes a number of items which adversely affected the loss after tax by a total of $4.7 million. These items principally comprise impairments to the Indonesian oil property assets held for sale and a provision for the exit of the Hammamet permit in Tunisia (both included in discontinued operations).

Financial Performance		FY17H1	FY16H1	Change	%
Production volume	MMbbl	0.189	0.248	-0.059	-24%
Sales volume	MMbbl	0.187	0.241	-0.054	-22%
Sales revenue	$ million	11.0	14.6	-3.6	-25%
Average oil price	A$/bbl	58.82	60.58	-1.76	-3%
Gross profit	$ million	4.6	5.0	-0.4	-8%
Gross profit / Sales revenue	%	41.8	34.2	7.6	22%
Operating cash flow	$ million	-6.1	2.6	-8.7	-335%
Reported loss	$ million	-8.2	-34.1	25.9	76%
Underlying loss	$ million	-3.5	-1.3	-2.2	-169%
Underlying EBITDA*	$ million	-3.9	1.3	-5.2	-400%

* Earnings before interest, tax, depreciation and amortisation

All numbers in tables in the Operating and Financial Review have been rounded. As a result, some total figures may differ insignificantly from totals obtained from arithmetic addition of the rounded numbers presented.

Calculation of underlying NPAT / (loss) by adjusting for items unrelated to the underlying operating performance is considered to provide meaningful comparison of results between periods. Underlying NPAT / (loss) and underlying EBITDA are not defined measures under International Financial Reporting Standards and are not audited. Reconciliations of NPAT / (loss), Underlying NPAT / (loss), Underlying EBITDA and other measures included in this report to the Financial Statements are included at the end of this review.

The underlying loss after tax (exclusive of impairments to the Indonesian oil property assets and Tunisian exit provision) was $3.5 million, compared with an underlying loss after tax of $1.3 million in the 2016 first half. The factors which contributed to the movement between the periods were:

- lower volumes contributing to a decrease in revenue of $3.2 million;
- lower oil prices, which reduced revenue by $0.4 million;
- lower production expenses and royalties by $1.9 million due to lower volumes;
- lower amortisation costs, $1.4 million, mainly due to prior period impairments on oil properties and lower production;
- higher exploration and evaluation expenditure written off, $0.6 million, due to unsuccessful wells drilled in the first half of 2017;
- higher general administration and other costs of $2.8 million, due to additional integration costs brought about by the acquisition of the Victorian assets including consulting and new venture costs, costs associated with the closure of discontinued operations and increased staff costs; and
- lower income tax benefit of $1.4 million, mainly due to deferred tax movements arising on the current year taxable loss.

Financial Position

Financial Position		FY17H1	FY16	Change	%
Total assets	$ million	223.9	176.3	47.6	27%
Total liabilities	$ million	78.4	84.8	-6.4	-8%
Total equity	$ million	145.5	91.6	53.9	59%

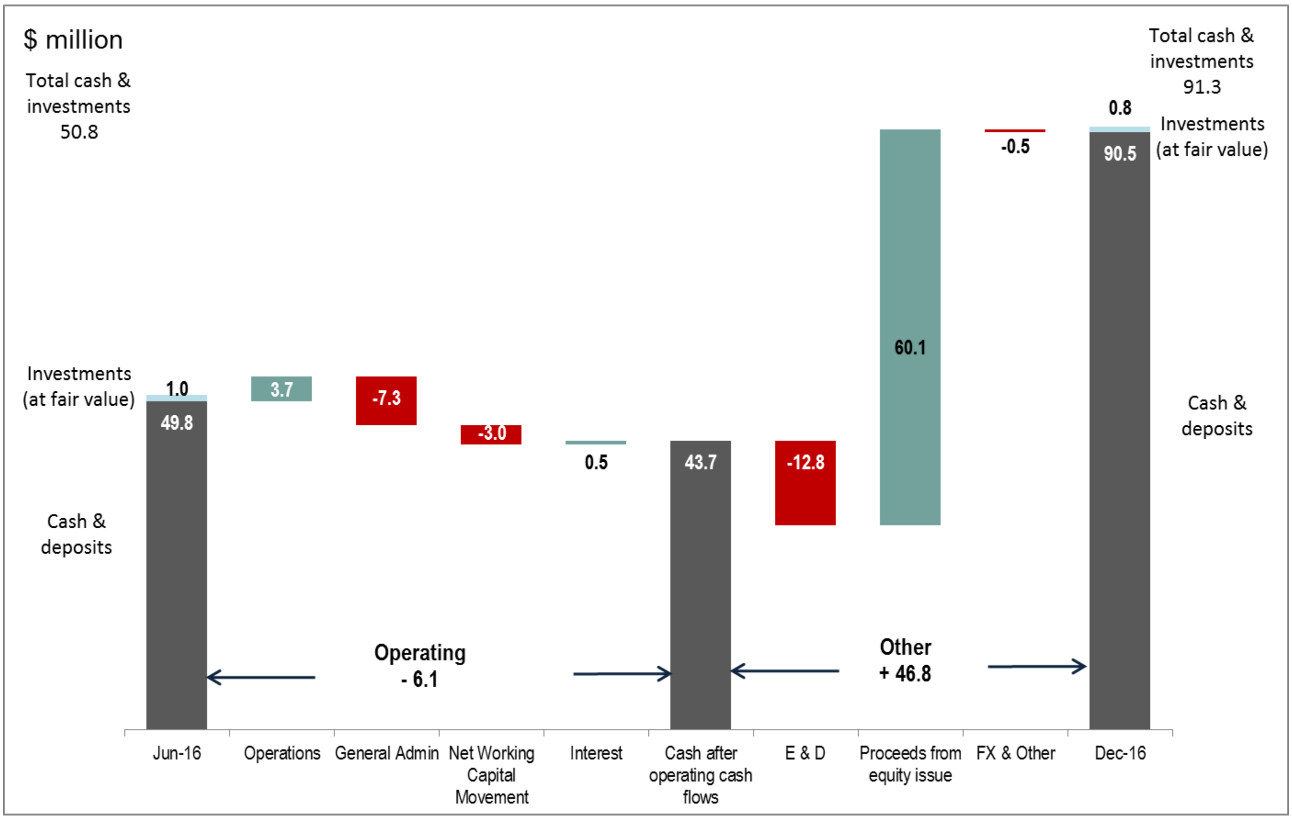
Assets

Total assets increased by $47.6 million from $176.3 million to $223.9 million.

At 31 December the Company held cash and deposit balances of $ 90.5 million, equity investments of $0.8 million and no debt.

Cash and deposit balances increased by $40.7 million over the period after net proceeds from the equity issue of $60.1 million and interest received of $0.5 million partially offset by funding exploration and development expenditure of $12.8 million, cash outflow from operations of $6.1 million and net foreign exchange and other items of $0.5 million as summarised in the chart below.

Subsequent to year end the Company paid cash of $63.5 million as consideration (including working capital) for the Victorian Gas Assets.



Exploration and evaluation assets increased $5.2 million from $111.0 million to $116.2 million as a result of expenditure on Gippsland Basin assets offset by changes to the rehabilitation asset.

Oil properties increased by $0.5 million from $5.4 million to $5.9 million mainly as a result of capital expenditure incurred in the Cooper Basin.

Trade and other receivables increased $0.4 million from $3.4 million to $3.8 million, mainly due to the timing of sales revenue receipts.

Total Liabilities
Total liabilities decreased by $6.4 million from $84.8 million to $78.4 million.

Trade and other payables decreased $2.3 million from $8.0 million to $5.7 million mainly due to timing of payments to suppliers.

Provisions decreased by $1.0 million from $69.6 million to $68.6 million due to revised assumptions used in the calculation of rehabilitation provisions.

Total Equity
Total equity has increased by $53.9 million from $91.6 million to $145.5 million. In comparing equity for the period to the prior corresponding period the key movements were:

- higher contributed equity of $62.4 million due to shares issued from equity raisings and shares issued on vesting of performance rights during the period; offset in part by
- higher accumulated losses of $8.2 million due to the reported loss for the period; and
- lower reserves of $0.2 million mainly due to the issue of equity incentives to employees partially offset by movements in the Company's oil price options and swaps for which cash flow hedge relationships apply.

Business Strategies and Prospects

Since 2012 the Company has been pursuing a strategy aimed at concentrating the Company's efforts and resources on building a gas business that could participate in gas supply opportunities foreseen arising in south-east Australia. This strategy has been implemented patiently with a view to the preservation of shareholder value in the acquisition, management and disposal of assets.

With the Company having completed the required portfolio realignment, strategic focus is now on:

- safe, efficient, value-adding management and operations of gas supply to south-east Australia with care for the environment and communities in which the Company operates;
- commercialisation of uncontracted gas reserves and resources so as to maximise shareholder returns;
- optimising the strategic value and financial returns from the Company's gas processing assets; and
- value optimisation of the Company's low cost oil operations in the Cooper Basin.

The Company's portfolio offers the potential for significant growth in production over the five years through to 2021, through contracting and sale of existing uncommitted gas reserves in the Otway Basin and delivery of the Sole, then the Manta, gas projects. Over the balance of FY17 the Company intends to develop the potential within the Company's portfolio into record growth that delivers value for shareholders over the longer term by:

- efficient integration of newly acquired assets, including securing appointment as operator to the Casino Henry, Vic/P44 and Sole gas project assets;
- building the value, and strategic merit, of the Company's portfolio of gas supply contracts, uncommitted gas and plant assets within the context of the south-east Australian energy market;
- securing project sanction for development of Sole with a commercial structure and terms that optimise net asset value for shareholders; and
- ongoing portfolio management and conservative capital management such that the Company retains a strong balance sheet, recognises the interests of shareholders, and is appropriately focussed.

Market conditions are supportive of the Company's prospects for executing and generating value from its strategy. It is expected that gas supply to south-east Australia will remain tight, providing a favourable market for the contracting of uncontracted gas from the Otway and Gippsland Basins from 2018.

The Company will continue to review opportunities that can generate value for shareholders, subject to its key investment criteria:

1) the assets are cost competitive;
2) there is a foreseeable pathway to commercialisation within 5 years; and
3) the opportunity offers the potential for value creation; whether that be an incremental increase to the value of the assets through the application of Cooper Energy's capabilities and/or an incremental increase to the value of Cooper Energy's portfolio arising from integration of the assets.

Outlook

Cooper Energy anticipates production of approximately 1 MMboe from its operations in FY17. This figure includes previous guidance of oil production from its Cooper Basin assets of approximately 0.24 – 0.26 MMboe with the balance from Otway Basin gas production. The acquisition of the Victorian gas assets has also necessitated some revision to guidance on costs and capital expenditure.

Acquisition and integration of the Victorian gas assets will result in increases to the Company's employee and contractor workforce. Full time equivalent employees (including contractors) as at 31 January was 24.4 persons. This figure is expected to increase on securing the appointment as operator of the Victorian gas assets, at which point an additional 6 employees and some 23 contractors are expected to be engaged.

The Company continues to manage general and administration costs tightly while advancing commercialisation of the Gippsland Basin gas projects.

Capital expenditure guidance, which is calculated exclusive of the impact of an affirmative development decision for Sole has been upgraded to incorporate:

- capex attributable to the Otway Basin assets acquired;
- the increase in Sole and Orbost equity levels; and
- expenditure of $18 million to $20 million incurred or expected to be incurred on the Sole gas project prior to project sanction, including long lead items ordered in advance. Estimates of capital expenditure required for completion of the project post sanction will be reduced by those amounts incurred prior to project sanction.

On this basis the Company anticipates capital expenditure for FY17 will range between $44 million to $46 million. This guidance will be revised in the event of the Sole project proceeding.

As at 31 December the Company had oil price hedge arrangements in place for 0.09 MMbbl over the next 12 months. In respect of the balance of FY17, the effect of the positions taken is that approximately 50% of the Company's oil production is hedged at an average floor price of A$55.98/bbl. The Company does not currently hedge for gas price or foreign currency exchange risk.

Funding and Capital Management

Cooper Energy seeks to manage its capital with the objective of providing shareholders with the optimal risk-weighted return from the application of its expertise in the exploration, development production and sale of hydrocarbons.

At 31 December the Company had cash, deposits and investments of $91.3 million. During the first half of 2016, the Company completed the restructuring of its bank facilities with Westpac Banking Corporation from corporate to reserve-based lending. The facilities have no debt funding drawn against them and are detailed in Note 3 to the Financial Statements. The Company is advancing implementation of funding options for its growth projects consistent with the funding analysis and strategy completed during the year with input from external advisors.

Risk Management

The Company manages risks in accordance with its risk management policy with the objective of ensuring all risks inherent in oil and gas exploration and production activities are identified, measured and then managed or kept as low as reasonably practicable. The Management Team perform risk assessments on a regular basis and a summary is reported to the Audit and Risk Committee. The Audit and Risk Committee approves and oversees an internal audit program undertaken internally and/or in conjunction with appropriate external industry or field specialists.

Key risks which may materially impact the execution and achievement of the business strategies and prospects for Cooper Energy in future financial years are risks inherent in the oil and gas industry including technical, economic, commercial, operational, environmental and political risks. This should not be taken to be a complete or exhaustive list of risks. Many of the risks are outside the control of the Company and its officers.

Appropriate policies and procedures are continually being developed and updated to manage these risks.

Reconciliations for NPAT to Underlying NPAT and Underlying EBITDA

Reconciliation to Underlying loss		FY17H1	FY16H1	Change	%
Net loss after income tax	$ million	-8.2	-34.1	25.9	76%
Adjusted for:					
Impairment of discontinued operations & loss on sale	$ million	0.7	8.3	-7.6	-92%
Exit provision	$ million	4.0	3.7	0.3	8%
Impairment of exploration and evaluation	$ million	0.0	20.8	-20.8	-100%
Underlying loss	$ million	-3.5	-1.3	-2.2	-169%

Reconciliation to Underlying EBITDA*		FY17H1	FY16H1	Change	%
Underlying loss	$ million	-3.5	-1.3	-2.2	-169%
Add back:					
Interest revenue	$ million	-0.5	-0.5	0.0	0%
Accretion expense	$ million	0.6	0.7	-0.1	-14%
Tax expense / (benefit)	$ million	-1.5	-0.1	-1.4	-1400%
Depreciation	$ million	0.1	0.2	-0.1	-50%
Amortisation	$ million	0.9	2.3	-1.4	-61%
Underlying EBITDA*	$ million	-3.9	1.3	-5.2	-400%

* Earnings before interest, tax, depreciation and amortisation

Reconciliations of other measures to the Financial Statements

Reconciliation to production volumes		FY17H1	FY16H1	Change	%
Continuing operations	MMbbl	0.130	0.175	-0.045	-26%
Add back: Indonesia held for sale / discontinued operations	MMbbl	0.059	0.073	-0.014	-19%
Production volume	MMbbl	0.189	0.248	-0.059	-24%

Reconciliation to sales volumes		FY17H1	FY16H1	Change	%
Continuing operations	MMbbl	0.129	0.172	-0.043	-25%
Add back: Indonesia held for sale / discontinued operations	MMbbl	0.058	0.069	-0.011	-16%
Sales volume	MMbbl	0.187	0.241	-0.054	-22%

Reconciliation to sales revenue		FY17H1	FY16H1	Change	%
Continuing operations	$ million	7.8	10.7	-2.9	-27%
Add back: Indonesia held for sale / discontinued operations	$ million	3.2	3.9	-0.7	-18%
Sales revenue	$ million	11.0	14.6	-3.6	-25%

Reconciliation to average oil price		FY17H1	FY16H1	Change	%
Continuing operations	A$/bbl	60.47	62.21	-1.74	-3%
Add back: Indonesia held for sale / discontinued operations	A$/bbl	55.17	56.52	-1.35	-2%
Average oil price	A$/bbl	58.82	60.58	-1.76	-3%

Reconciliation to gross profit		FY17H1	FY16H1	Change	%
Continuing operations	$ million	3.1	4.1	-1.0	-24%
Add back: Indonesia held for sale / discontinued operations	$ million	1.5	0.9	0.6	67%
Gross profit	$ million	4.6	5.0	-0.4	-8%

Reconciliation to gross profit / sales revenue		FY17H1	FY16H1	Change	%
Continuing operations	%	39.7	38.3	1.4	4%
Add back: Indonesia held for sale / discontinued operations	%	46.9	23.1	23.8	103%
Gross profit / Sales revenue	%	41.8	34.2	7.6	22%

Reconciliations of other measures to the Financial Statements continued

Reconciliation to production expenses and royalties		FY17H1	FY16H1	Change	%
Continuing operations	$ million	3.8	5.0	-1.2	-24%
Add back: Indonesia held for sale / discontinued operations	$ million	1.7	2.4	-0.7	-29%
Production expenses and royalties	$ million	5.5	7.4	-1.9	-26%

Reconciliation to amortisation		FY17H1	FY16H1	Change	%
Continuing operations	$ million	0.8	1.6	-0.8	-50%
Add back: Indonesia held for sale / discontinued operations	$ million	0.1	0.7	-0.6	-86%
Amortisation	$ million	0.9	2.3	-1.4	-61%

Reconciliation to general administration		FY17H1	FY16H1	Change	%
Continuing operations	$ million	7.2	5.4	1.8	33%
Add back: Indonesia held for sale / discontinued operations	$ million	0.9	0.7	0.2	29%
General administration	$ million	8.1	6.1	2.0	33%

Reconciliation to tax benefit		FY17H1	FY16H1	Change	%
Continuing operations	$ million	1.6	0.2	1.4	700%
Add back: Indonesia held for sale / discontinued operations	$ million	-0.1	-0.2	0.1	-50%
Tax benefit / (expense)	$ million	1.5	0.1	1.4	1414%

Directors' Report
For the half-year ended 31 December 2016

The Directors of Cooper Energy Limited ("the Company" or "Cooper") present their report and the consolidated Financial Report for the half-year ended 31 December 2016. The dollar figures are expressed in Australian currency and to the nearest thousand unless otherwise indicated.

Directors

The names of the Directors in office during the half-year and until the date of this report are as below. All Directors were in office for the entire period unless otherwise stated.

Board of Directors

John C Conde AO (Non-Executive Chairman)
David P Maxwell (Managing Director)
Hector M Gordon (Executive Director Exploration and Production)
Jeffrey W Schneider (Non-Executive Director)
Alice J Williams (Non-Executive Director)

Principal Activities

The Company is an upstream oil and gas exploration and production company 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 half year.

Review and Results of Operations

A review of the operations of the Company can be found in the Operating and Financial Review on page 4.

Significant Events After the Balance Date

Refer to Note 12 of the Notes to the Financial Statements.

Auditor's Independence Declaration

Cooper Energy has obtained an independence declaration from the auditors, Ernst & Young, which forms part of this report.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 dated 24 March 2016 and in accordance with the Legislative Instrument, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors

Mr John C. Conde, AO
Chairman

Mr David P. Maxwell
Managing Director

27 February 2017

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

As lead auditor for the review of Cooper Energy Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;* and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cooper Energy Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

L A Carr
Partner
Adelaide
27 February 2017

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2016

	Notes	**31 December 2016 $'000**	31 December 2015 $'000
Continuing Operations			
Revenue from oil sales	6	**7,781**	10,691
Cost of sales	6	**(4,634)**	(6,602)
Gross profit		**3,147**	4,089
Other revenue	6	**546**	461
Exploration and evaluation expenditure written (off) / back		**(585)**	201
Finance costs	6	**(615)**	(657)
Impairment	7	**-**	(21,750)
Share of loss in associate		**(173)**	(39)
Other expenses	6	**(7,617)**	(5,555)
Loss before income tax from continuing operations		**(5,297)**	(23,250)
Income tax benefit	8	**1,578**	242
Total tax benefit		**1,578**	242
Net loss after tax from continuing operations		**(3,719)**	(23,008)
Discontinued operations			
Loss for the period from discontinued operations	5	**(4,521)**	(11,099)
Total loss for the period attributable to members		**(8,240)**	(34,107)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation reserve		**351**	401
Fair value movements on derivatives accounted for in a hedge relationship		**360**	2,665
Reclassification during the period to profit or loss of realised hedge settlements		**(211)**	(820)
Income tax effect on fair value movement on derivative financial instrument		**43**	(562)
Items that will not be reclassified subsequently to profit or loss			
Fair value movements on equity instruments at fair value through other comprehensive income		**-**	(474)
Other comprehensive income for the period net of tax		**543**	1,210
Total comprehensive income/(loss) for the period attributable to members		**(7,697)**	(32,897)
		Cents	Cents
Basic earnings per share from continuing operations		**(0.6)**	(6.9)
Diluted earnings per share from continuing operations		**(0.6)**	(6.9)
Basic earnings per share		**(1.2)**	(10.2)
Diluted earnings per share		**(1.2)**	(10.2)

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

Consolidated Statement of Financial Position
As at 31 December 2016

	Notes	31 December 2016 $'000	30 June 2016 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	**90,436**	49,717
Trade and other receivables		**3,828**	3,400
Prepayments		**1,089**	303
		95,353	53,420
Assets classified as held for sale	5	**4,686**	4,788
Total Current Assets		**100,039**	58,208
Non-Current Assets			
Equity instruments at fair value through other comprehensive income	9	**790**	790
Investment in associate		**-**	173
Term deposits at banks	3	**16**	91
Deferred tax asset		**36**	-
Oil properties		**5,851**	5,385
Property, plant & equipment		**1,052**	708
Exploration and evaluation		**116,161**	110,976
Total Non-Current Assets		**123,906**	118,123
TOTAL ASSETS		**223,945**	176,331
LIABILITIES			
Current Liabilities			
Trade and other payables		**5,675**	8,014
Provisions		**5,139**	4,064
Derivative financial liabilities	9	**1,126**	1,275
		11,940	13,353
Liabilities and provisions classified as held for sale	5	**60**	645
Total Current Liabilities		**12,000**	13,998
Non-Current Liabilities			
Deferred tax liabilities		**-**	2,176
Provisions		**63,412**	65,548
Financial liabilities	9	**2,982**	3,059
Total Non-Current Liabilities		**66,394**	70,783
TOTAL LIABILITIES		**78,394**	84,781
NET ASSETS		**145,551**	91,550
EQUITY			
Contributed equity	4	**199,952**	137,558
Reserves		**6,418**	6,571
Accumulated losses		**(60,819)**	(52,579)
TOTAL EQUITY		**145,551**	91,550

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2016

	Issued Capital $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 July 2016	**137,558**	**6,571**	**(52,579)**	**91,550**
Loss for the period	**-**	**-**	**(8,240)**	**(8,240)**
Other comprehensive income	**-**	**543**	**-**	**543**
Total comprehensive income for the period	**-**	**543**	**(8,240)**	**(7,697)**
Transactions with owners in their capacity as owners:				
Share based payments	**-**	**1,004**	**-**	**1,004**
Transferred to issued capital	**1,700**	**(1,700)**	**-**	**-**
Shares issued	**60,694**	**-**	**-**	**60,694**
Balance as at 31 December 2016	**199,952**	**6,418**	**(60,819)**	**145,551**

	Issued Capital $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 July 2015	115,460	6,151	(17,740)	103,871
Profit for the period	-	-	(34,107)	(34,107)
Other comprehensive income	-	1,210	-	1,210
Total comprehensive income for the period	-	1,210	(34,107)	(32,897)
Transactions with owners in their capacity as owners:				
Share based payments	-	1,082	-	1,082
Shares issued	348	(348)	-	-
Balance as at 31 December 2015	115,808	8,095	(51,847)	72,056

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

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2016

	Notes	31 December 2016 $'000	31 December 2015 $'000
Cash Flows from Operating Activities			
Receipts from customers		**11,045**	16,214
Payments to suppliers and employees		**(13,982)**	(14,969)
Exit penalty		**(3,703)**	-
Income tax received		**-**	859
Interest received		**546**	462
Net cash from / (used in) operating activities		**(6,094)**	2,566
Cash Flows from Investing Activities			
Transfers of term deposits		**(49)**	(9)
Payments for exploration and evaluation		**(11,423)**	(11,301)
Investments in oil properties		**(1,328)**	(2,523)
Net cash flows used in investing activities		**(12,800)**	(13,833)
Cash Flows from Financing Activities			
Proceeds from equity issue		**60,097**	-
Net cash flow used in financing activities		**60,097**	-
Net increase / (decrease) in cash held		**41,203**	(11,267)
Net foreign exchange differences		**(109)**	644
Cash and cash equivalents at 1 July		**49,717**	39,373
Cash and cash equivalents at 31 December	3	**90,811**	28,750

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

1. Basis of preparation and accounting policies

This general purpose financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and considered together with any public announcements made by Cooper Energy Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(i) New standards, interpretations and amendments thereof, adopted by the Company

The accounting policies adopted in the preparation of the half-year financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2016, except for the adoption of new standards and interpretations as of 1 July 2016, noted below:

2014-3	**Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]**
Summary	AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11 (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11.
Application Date of the Standard	1 January 2016
Application date for Company	1 July 2016
Impact on financial report	The adoption of this standard has not resulted in any significant change in the half year ended 31 December 2016 as no transactions have been impacted. For future acquisitions the revised amendments will be considered as the Company assesses the accounting treatment of acquisitions of interests in joint operations that fall within the scope of AASB 11.

1. Basis of preparation and accounting policies continued

2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)
Summary	AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.
Application Date of the Standard	1 January 2016
Application date for Company	1 July 2016
Impact on financial report	The adoption of this standard has not resulted in any significant change in the half year ended 31 December 2016.

AASB 1057	Application of Australian Accounting Standards
Summary	This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible. The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.
Application Date of the Standard	1 January 2016
Application date for Company	1 July 2016
Impact on financial report	The adoption of this standard has not resulted in any significant change in the half year ended 31 December 2016.

1. Basis of preparation and accounting policies continued

AASB 2015-1	**Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle**
Summary	The subjects of the principal amendments to the Standards are set out below: AASB 5 Non-current Assets Held for Sale and Discontinued Operations: • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 Financial Instruments: Disclosures: • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.
Application Date of the Standard	1 January 2016
Application date for Company	1 July 2016
Impact on financial report	The adoption of this standard has not resulted in any significant change in the half year ended 31 December 2016.

1. Basis of preparation and accounting policies continued

AASB 2015-2	**Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101**
Summary	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.
Application Date of the Standard	1 January 2016
Application date for Company	1 July 2016
Impact on financial report	The adoption of this standard has not resulted in any significant change in the half year ended 31 December 2016.

AASB 2015-9	**Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]**
Summary	This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.
Application Date of the Standard	1 January 2016
Application date for Company	1 July 2016
Impact on financial report	The adoption of this standard has not resulted in any significant change in the half year ended 31 December 2016.

2. Segment Reporting

Identification of reportable segments and types of activities

The Company operates in various geographical locations 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 an as needs basis. Selective reporting is provided to the Board quarterly while the annual and bi-annual results are reported to the Board. The Managing Director is the chief operating decision maker.

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.

The current external customers by geographical location of production are the Australian Business Unit with two customers and the Asian Business Unit with one customer.

The following are the current geographical segments:

Australian Business Unit
Exploration and evaluation for oil and gas, development, production and sale of crude oil in a number of areas in the Cooper Basin, Gippsland Basin and Otway Basin. Revenue is derived from the sale of crude oil to IOR Energy Pty Ltd and 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.

Asian Business Unit
The Asian business unit involves the production and sale of crude oil from the Tangai-Sukananti KSO. It is located on the island of Sumatra, Indonesia. Revenue is derived from the sale of crude oil to PT Pertamina EP. During the first half of FY17 the Company announced that it had accepted an offer from Bass Strait Oil Company Limited (BAS) for the sale of its remaining Indonesian asset, a 55% interest in the Tangai-Sukananti KSO. The Indonesian operations have been classified as discontinued operations at December 2016 and the assets and liabilities classified as held for sale.

African Business Unit
In the 2016 financial year the Company announced that it had withdrawn from the Hammamet joint venture and exited the Nabeul joint venture. During the first half of FY17 the Company announced that it had agreed to assign its remaining interest in the Bargou joint venture, to joint venture partner Dragon Oil Ltd (Dragon).

The Tunisian operations are classified as discontinued operations at December 2016.

European Business Unit
The Company has disposed of all exploration interests in Poland and has liquidated the Polish and Dutch entities during the first half of the 2016 financial year.

Accounting policies and inter-segment transactions

The accounting policies used by the Company in reporting segments internally is the same as those contained in Note 2 of the 2016 Annual Financial Report.

2. Segment reporting continued

Geographical Segments	Australian Business Unit $'000	Continuing Operations Total $'000	Asian Business Unit (disc. operation) $'000	European Business Unit (disc. operation) $'000	African Business Unit (disc. operation) $'000	Discontinued Operations Total $'000	Consolidated $'000
Half year ended 31 December 2016							
Revenue	7,781	**7,781**	3,249	-	-	**3,249**	**11,030**
Other Income and revenue	546	**546**	-	-	-	**-**	**546**
Total consolidated revenue	8,327	**8,327**	3,249	-	-	**3,249**	**11,576**
Depreciation of property	(96)	**(96)**	-	-	-	**-**	**(96)**
Amortisation of development costs	(681)	**(681)**	-	-	-	**-**	**(681)**
Amortisation of exploration costs	(117)	**(117)**	-	-	-	**-**	**(117)**
Impairment	-	**-**	(838)	-	(9)	**(847)**	**(847)**
Share of loss in associate	(173)	**(173)**	-	-	-	**-**	**(173)**
Finance costs	(615)	**(615)**	-	-	-	**-**	**(615)**
Share based payments	(1,004)	**(1,004)**	-	-	-	**-**	**(1,004)**
Exit penalties	-	**-**	-	-	(4,031)	**(4,031)**	**(4,031)**
Exploration costs written off	(585)	**(585)**	-	-	(12)	**(12)**	**(597)**
Segment result	(5,297)	**(5,297)**	(212)	-	(4,733)	**(4,521)**	**(9,818)**
Income tax							**1,578**
Net Profit							**(8,240)**
Segment liabilities	(73,536)	**(73,536)**	(60)	-	(4,798)	**(4,858)**	**(78,394)**
Segment assets	218,969	**218,969**	4,686	-	290	**4,976**	**223,945**
Non-Current Assets	123,906	**123,906**	-	-	-	**-**	**123,906**
Cash flow from:							
- Operating activities	(6,406)	**(6,406)**	433	-	(121)	**312**	**(6,094)**
- Investing activities	(12,491)	**(12,491)**	(312)	-	3	**(309)**	**(12,800)**
- Financing	60,097	**60,097**	-	-	-	**-**	**60,097**
Capital Expenditure	(12,852)	**(12,852)**	173	-	-	**173**	**(12,679)**

2. Segment reporting continued

Geographical Segments	Australian Business Unit $'000	Continuing Operations Total $'000	Asian Business Unit (disc. operation) $'000	African Business Unit (disc. operation) $'000	European Business Unit (disc. operation) $'000	Discontinued Operations Total $'000	Consolidated $'000
Half year ended 31 December 2015							
Revenue	10,691	**10,691**	3,949	-	-	**3,949**	**14,640**
Other Income and revenue	461	**461**	-	-	-	**-**	**461**
Total consolidated revenue	11,152	**11,152**	3,949	-	-	**3,949**	**15,101**
Depreciation of property	(138)	**(138)**	(91)	-	-	**(91)**	**(229)**
Amortisation of development costs	(1,345)	**(1,345)**	(707)	-	-	**(707)**	**(2,052)**
Amortisation of exploration costs	(212)	**(212)**	-	-	-	**-**	**(212)**
Impairment	(21,750)	**(21,750)**	(8,318)	937	-	**(7,381)**	**(29,131)**
Share of loss in associate	(39)	**(39)**	-	-	-	**-**	**(39)**
Finance costs	(657)	**(657)**	-	-	-	**-**	**(657)**
Share based payments	(1,083)	**(1,083)**	-	-	-	**-**	**(1,083)**
Exit penalties	-	**-**	-	(3,723)	-	**(3,723)**	**(3,723)**
Exploration costs written off	201	**201**	-	-	-	**-**	**201**
Segment result	(23,250)	**(23,250)**	(8,185)	(2,539)	(14)	**(11,099)**	**(34,349)**
Income tax							**242**
Net Profit							**(34,107)**
Segment liabilities	62,344	**62,344**	1,744	3,946	-	**5,690**	**68,034**
Segment assets	119,496	**119,496**	20,903	254	-	**21,157**	**140,653**
Non-Current Assets	84,928	**84,928**	-	-	-	**-**	**84,928**
Cash flow from:							
- Operating activities	2,490	**2,490**	(9)	96	(11)	**76**	**2,566**
- Investing activities	(11,892)	**(11,892)**	(1,759)	(182)	-	**(1,941)**	**(13,833)**
- Financing	-	**-**	-	-	-	**-**	**-**
Capital Expenditure	(9,862)	**(9,862)**	(3,598)	(364)	-	**(3,962)**	**(13,824)**

3. Cash and Cash Equivalents and Term Deposits

Current Assets	**31 December 2016 $'000**	30 June 2016 $'000
Cash and cash equivalents		
Cash at banks and in hand	**56,903**	16,815
Short term deposits at banks (i)	**33,533**	32,902
	90,436	49,717
Non-Current Assets		
Term deposits at the banks (ii)	**16**	91
Reconciliation to cash flow statement		
Cash and cash equivalents	**90,436**	49,717
Cash held for sale	**375**	-
Total cash and cash equivalents	**90,811**	49,717

(i) Short term deposits at banks are in Australian dollars and are generally for periods of three months or less and earn interest at money market interest rates. At December 2016 there are no term deposits with a maturity greater than 3 months. At June 2016 this amount also included term deposits of $10 million which had a maturity greater than 3 months, but which were not subject to significant break costs had the Company wished to withdraw these funds before maturity.

(ii) The carrying value of term deposits approximates their fair value.

Cooper Energy has a reserve based lending facility with Westpac Banking Corporation (Westpac). The available debt funding is subject to bi-annual recalculation based on reserves, forward prices and the Company's latest forecasts. The 30 June 2016 recalculation period provided $13.6 million in available debt funding which remain undrawn. Based on existing reserves and forecasts (including the Casino Henry asset and excluding the Indonesian production assets) it is estimated that the facilities will provide $39 million in available debt funding when the 31 December 2016 recalculation is finalised with Westpac by 31 March 2017. The inclusion of the Casino Henry asset within the borrowing base is subject to perfection of security.

4. Contributed equity

	31 December 2016 $'000	30 June 2016 $'000
Ordinary shares		
Issued and fully paid	**199,952**	137,558

Movement in ordinary shares on issue	**Thousands**	**$'000**
At 1 July 2016	345,186	137,558
Equity issue	219,597	60,694
Issuance of shares for Performance Rights and Share Appreciation Rights	94,775	1,700
At 31 December 2016	659,558	199,952

5. Assets held for sale and discontinued operations

Indonesia

During the first half of 2017 the Company announced that it had accepted an offer from Bass Strait Oil Company Limited (BAS), the Company's associate, for the sale of its remaining Indonesian asset, a 55% interest in the Tangai-Sukananti KSO for total consideration of $5.7 million consisting of cash consideration, shares in BAS, deferred consideration and working capital adjustments. As at 31 December 2016 the production asset has been classified as held for sale and the Asian operations have been classified as discontinued operations. The Indonesian production asset has been impaired to its fair value less costs to sell.

Tunisia

The Company exited the Hammamet and Nabeul joint ventures during the 2016 financial year. During the first half of 2017 the Company announced that it had agreed to assign its remaining interest in Tunisia, the Bargou joint venture, to joint venture partner Dragon Oil Ltd (Dragon). Whilst the Company will continue to perform Operator responsibilities until the Hammamet West well abandonment is completed, the assignment of its interest to Dragon is effective from 7 November 2016. It is anticipated that the abandonment activities and finalisation of transfer of operatorship will be completed during the third quarter of the 2017 financial year. As the transaction does not represent a sale of the Company's interest it is not classified as held for sale however, the Tunisian operations are classified as discontinued operations.

The losses from discontinued operations are presented on a separate line in the Consolidated Statement of Comprehensive Income.

	31 December 2016 $'000	31 December 2015 $'000
Held for sale cash	**375**	-
Other assets held for sale	**4,311**	20,903
Total assets held for sale	**4,686**	20,903
Liabilities and provisions associated with assets held for sale	**(60)**	(1,744)
Net assets directly associated with disposal group	**4,626**	19,159
Revenue for the year from discontinued operations	**3,249**	3,949
Expenses for the year from discontinued operations	**(6,859)**	(7,486)
Impairment loss recognised	**(847)**	(7,383)
Pre-tax loss for the year from discontinued operations	**(4,457)**	(10,920)
Income tax expense	**(64)**	(179)
Loss for the year from discontinued operations	**(4,521)**	(11,099)
Operating cash flows from discontinued operations	**312**	(20)
Investing cash flows from discontinued operations	**(309)**	(1,759)
Financing cash flows from discontinued operations	**-**	-
Total net cash flow from discontinued operations	**3**	(1,779)
Basic loss per share from discontinued operations (cents per share)	**(0.7)**	(6.9)
Diluted loss per share from discontinued operations (cents per share)	**(0.7)**	(6.9)

6. 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:

	31 December 2016 $'000	31 December 2015 $'000
Revenues from oil operations		
Oil sales	**7,781**	10,691
Total revenue from oil sales	**7,781**	10,691
Other revenue		
Interest revenue	**528**	437
Joint venture fees	**18**	24
Total other revenue	**546**	461
Cost of sales		
Production expenses	**(3,342)**	(4,440)
Royalties	**(494)**	(605)
Amortisation of exploration costs in areas under production	**(117)**	(212)
Amortisation of development costs in areas of production	**(681)**	(1,345)
Total cost of sales	**(4,634)**	(6,602)
Finance costs		
Accretion of rehabilitation cost	**(692)**	(629)
Accretion of success fee liability	**(9)**	(28)
Fair value adjustment of success fee liability	**86**	-
Total finance costs	**(615)**	(657)
Other expenses		
Depreciation of property, plant and equipment	**(97)**	(138)
General administration (includes employee benefits and lease payments)	**(7,214)**	(5,417)
Plant care and maintenance	**(358)**	(234)
Gain on fair value of oil price derivatives	**-**	29
Realised and unrealised foreign currency translation gain	**52**	205
Total other expenses	**(7,617)**	(5,555)
Employee benefits expense		
Director and employee benefits	**(2,160)**	(1,235)
Share based payments	**(1,004)**	(1,082)
	(3,164)	(2,317)
Lease payments		
Minimum lease payment – operating lease	**(152)**	(159)

7. Impairment

The following impairment losses were recognised during the half year:

	31 December 2016 $'000	31 December 2015 $'000
Impairment of CGU		
Oil Properties – PEL 93	-	(35)
Exploration & Evaluation	-	(21,715)
Total	-	(21,750)

In accordance with the Company's accounting policies and procedures, the Company performs its impairment testing bi-annually.

Exploration and Evaluation Impairment
During the half-year the Company's exploration assets were assessed for impairment indicators in accordance with AASB 6. No impairment indicators were present and no impairment was recognised on exploration and evaluation assets during the first half of the 2017 financial year. During the first half of the 2016 financial year impairment losses were recognised in respect of the Company's Victorian Otway Basin permits and the Cooper Basin Northern licenses.

Oil Properties Impairment
During the half-year the Company's oil properties were assessed for impairment indicators in accordance with AASB 136. Following this assessment, no impairment indicators were present and no impairment was recognised on oil properties during the first half of the 2017 financial year.

8. Income Tax Expense

The major components of income tax expense in the interim consolidated income statement are:

	31 December 2016 $'000	31 December 2015 $'000
Consolidated Statement of Comprehensive Income		
Current income tax		
Current income tax charge	-	2,816
Adjustments in respect of prior year income tax	-	130
	-	2,946
Deferred income tax		
Recognition of tax losses	**3,670**	-
Origination and reversal of temporary differences	**(2,092)**	(2,704)
	1,578	(2,704)
Income tax expense benefit	**1,578**	242
Total tax benefit	**1,578**	242
Numerical reconciliation between tax expense and pre-tax net profit		
Income Tax Expense		
Accounting loss before income tax from continuing operations	**(5,297)**	(25,971)
Income tax using the domestic corporation tax rate of 30% (2015: 30%)	**1,589**	7,791
Increase/(decrease) in income tax expense due to:		
Non-deductible (expenditure)/non-assessable income	**(8)**	(7,673)
Adjustments in respect to current income tax previous years	-	130
Non Australian taxation jurisdictional subsidiaries	**(3)**	(6)
Total income tax benefit	**1,578**	242

9. Financial Instruments

Fair value hierarchy
All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Set out below is an overview of financial instruments held by the Company, with a comparison of the carrying amounts and fair values as at 31 December 2016:

		Carrying amount		**Fair value**	
	Level	**31 December 2016 $'000**	30 June 2016 $'000	**31 December 2016 $'000**	30 June 2016 $'000
Consolidated					
Financial assets					
Equity instruments at fair value through other comprehensive income	**1**	**790**	790	**790**	790
Financial liabilities					
Success fee financial liability	**3**	**2,982**	3,059	**2,982**	3,059
Derivative financial instruments	**2**	**1,126**	1,275	**1,126**	1,275

The financial assets and liabilities of the Company are recognised in the consolidated statement of financial position in accordance with the accounting policies set out in Note 2 of the 2016 Annual Financial Report.

The carrying value of trade receivables and trade payables approximate the fair value, due to their short term nature.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Equity instruments at fair value through other comprehensive income
The fair value of equity instruments is determined by reference to their quoted market price on a prescribed equity stock exchange at the reporting date, and hence is a Level 1 fair value measurement. The quoted market price for equity instruments at 31 December 2016 and 30 June 2016 were the same and accordingly there has been no change in the fair value of the equity investments in the period.

9. Financial Instruments continued

Derivative financial instruments
The derivative financial instruments relate to the Company's hedging activities to hedge against cash flow risks from movements in oil price, for which hedge accounting has been applied. The fair value of the derivative financial instruments are obtained from third party valuation reports and are valued using the Black-Scholes model based on forecast oil price and foreign exchange prices.

Success fee financial liability
The success fee liability is the fair value of the Company's liability to pay a $5,000,000 success fee upon the commencement of commercial production of hydrocarbons on the Company's BMG assets acquired on 7 May 2014. The significant unobservable valuation inputs for the success fee financial liability includes: a probability of 37% that no payment is made and a probability of 63% the payment is made in 2021. The discount rate used in the calculation of the liability as at 31 December 2016 equalled 2.79% (June 2016: 2.12%). The financial liability is valued using a discounted cash flow model and the value is sensitive to changes in discount rate and probability of payment.

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy

	31 December 2016 $'000	30 June 2016 $'000
Success fee financial liability	**2,982**	3,059
Movement in carrying amount of the success fee financial liability:		
Opening balance	**3,059**	3,066
Finance cost	**9**	12
Fair value adjustment	**(86)**	(19)
Closing carrying value	**2,982**	3,059

10. Hedge accounting

The Company uses Australian dollar Brent options to manage some of its transaction exposures. The options are designated as cash flow hedges and are entered into for a period consistent with the oil price exposure of the underlying transactions, typically over a 12 to 18 month period.

Cash flow hedges
Australian dollar oil price options measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast sales in US dollars. These forecast transactions are highly probable, and they comprise about 50% of the Company's total expected oil sales in US dollars to June 2017 and reducing percentages thereafter.

Oil price cash flow hedges outstanding at 31 December 2016:

- A$57.00-69.70 collar options for 5,000 bbl/month for the period January 2017 to June 2017
- A$54.45 50% participating swaps for 5,000 bbl/month for the period January 2017 to December 2017.

The table below shows the Company's hedges that are currently outstanding.

Hedge arrangements (bbl remaining)	FY17H2	FY18H1	Total
A$57.00-69.70 collar options	30,000	-	30,000
A$54.45 – 50% participating swap	30,000	30,000	60,000
Total	60,000	30,000	90,000

10. Hedge accounting continued

These transactions have been entered into in order to reduce the variability of cash flows arising from oil sales during the period January 2017 to December 2017. The impact of these transactions is that the Company has locked in an average floor price of $55.98/bbl over 50% of production while still being able to participate in upside should the oil price increase.

The fair value of the options vary based on the level of sales and changes in forward rates.

	31 December 2016		30 June 2016	
	Assets	**Liabilities**	Assets	Liabilities
	$'000	**$'000**	$'000	$'000
Fair value of oil price options	**-**	**1,126**	-	1,275

The terms of the oil price options match the terms of the expected highly probable forecast sales with the exception of currency given the instruments are Australian dollar denominated options and the forecast sales being in US dollars.

During the financial year, $0.2 million was reclassified from other comprehensive income (OCI) to the income statement in respect of realised hedge settlements.

The cash flow hedges of the expected future sales were assessed to be highly effective and a net unrealised gain of $0.1 million and a tax benefit of $43,000 relating to the hedging instrument are included in OCI.

The amounts retained in OCI at 31 December 2016 are expected to mature and impact the statement of profit or loss in the second half of 2017.

11. Commitments and Contingencies

	31 December 2016 $'000	31 December 2015 $'000
Operating lease commitments under non-cancellable office leases not provided for in the financial statements and payable:		
Within one year	**327**	156
After one year but not more than five years	**75**	570
After more than five years	**-**	-
Total minimum lease payments	**402**	726

The parent entity leases an office in Adelaide, South Australia from which it conducts its operations.

As at 31 December 2016 the Parent entity has bank guarantees for $160,512 (2015: $4,266,726). These guarantees are in relation to performance bonds on exploration permits, security on the Company's credit card facilities and guarantees on office leases.

Exploration capital commitments not provided in the financial statements and payable:		
Within one year	**3,608**	13,104
After one year but not more than five years	**1,814**	21,839
After more than five years	**-**	-
Total minimum exploration commitments	**5,422**	34,943

12. Events Subsequent to 31 December 2016

Acquisition of gas assets
On 24 October 2016 the Company announced that it entered into a binding agreement to acquire the Victorian gas assets of Santos Limited (Victorian Gas Assets). The assets acquired include:

- A 50% interest and, subject to the approval of the joint venture partners (AWE Ltd ("AWE") & Mitsui E&P Australia Pty Ltd ("Mitsui")), operatorship of the producing Casino Henry gas project (VIC/L30, VIC/L24) ("Casino Henry") in the offshore Otway Basin;
- A 10% interest in the producing Minerva gas field (VIC/L22) and Minerva Gas Plant in the Otway Basin ("Minerva");
- The remaining 50% interests in the Sole gas field ("Sole") and Orbost Gas Plant in the Gippsland Basin, increasing Cooper Energy's interest in both assets to 100%;
- Acreage prospective for gas in the offshore Otway Basin, Victoria, including VIC/P44, VIC/RL11 and /RL12; and
- A 100% interest in the largely depleted and non-operating Patricia Baleen gas field and associated infrastructure ("Patricia Baleen") in the offshore Gippsland Basin. Sub-sea infrastructure at Patricia Baleen connects the adjacent Longtom gas field to the Orbost Gas Plant.

The transaction to acquire the Victorian Gas Assets was subject to a number of conditions, which were met in January 2017, resulting in completion of the transaction occurring on 10 January 2017 for all assets except the 10% interest in the Minerva asset. The effects of the transaction had not been reflected in the financial statements, other than incurred acquisition costs noted below.

Completion of the Transaction has given Cooper Energy 100% ownership of the Sole gas field in VIC/RL3 and 100% ownership of the Orbost Gas Plant.

Consideration transferred

	$000's
Cash (including working capital)[1]	63,525
Contingent consideration[2]	20,000
	83,525

(1) Excluding Minerva consideration of $1 million payable on completion.

(2) In accordance with the binding agreements entered into to acquire the Victorian Gas Assets, a further $20 million milestone payment is payable on the earlier of:

- Achievement of the final investment decision for the Sole gas project, due within 60 days of a formal sanctioning of Sole by the Board of Cooper Energy; or
- The receipt of cash consideration for any sell-down by Cooper Energy of an interest in any of the Victorian Gas Assets. The amount payable to Santos shall not exceed the proceeds received by COE and any such payment will be made within 10 days after Cooper Energy actually receives the proceeds for the sell-down.

Sale of Tangai-Sukananti KSO
On 13 February 2017 Bass Strait Oil Company Limited (Bass), the Company's associate announced that the final condition precedent for the sale of the Tangai-Sukananti KSO had been satisfied by the shareholders approving the transaction. The transaction is proceeding to completion imminently.

Sole gas project contracting
Subsequent to 31 December 2016 the Company entered into a number of contracts for long lead items in relation to the Sole gas project. These contracts are not reflected in the commitments and contingencies note set out above.

Directors' Declaration

In accordance with a resolution of the directors of Cooper Energy Limited, we 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 financial position at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and

   ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Mr John C. Conde AO
Chairman

Mr David P. Maxwell
Managing Director

27 February 2017

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To the members of Cooper Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cooper Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a description of accounting policies and other selected explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Cooper Energy Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with 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.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cooper Energy Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

L A Carr

L A Carr
Partner
Adelaide
27 February 2017

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Corporate directory

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David P Maxwell
Hector M Gordon
Jeffrey W Schneider
Alice J Williams

Company Secretary

Alison Evans

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