



COOPER ENERGY LIMITED

And its controlled entities

ABN 93 096 170 295

FINANCIAL REPORT

30 June 2019

Appendix 4E

Preliminary Final Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	30 June 2019 30 June 2018

Results for announcement to the market

	Percentage Change %	Amount \$'000 2019	Amount \$'000 2018
Revenue from ordinary activities	12%	75,543	67,452
Total (loss)/profit for the period attributable to shareholders	-145%	(12,051)	27,011
Net tangible assets per share (inclusive of exploration and development expenditure capitalised)		26.7 cents	27.7 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.

Table of Contents

	Page
Operating and Financial Review	3
Directors' Statutory Report	13
Remuneration Report	15
Consolidated Statement of Comprehensive Income	33
Consolidated Statement of Financial Position	34
Consolidated Statement of Changes in Equity	35
Consolidated Statement of Cash Flows	36
Notes to the Consolidated Financial Statements	37
 Group Performance	
1. Segment reporting	41
2. Revenues and expenses	43
3. Income tax	45
4. Earnings per share	48
 Working Capital	
5. Cash and cash equivalents and term deposits	49
6. Trade and other receivables	50
7. Prepayments	50
8. Inventory	50
9. Trade and other payables	50
 Capital Employed	
10. Property, plant and equipment	51
11. Intangible assets	51
12. Exploration and evaluation assets	52
13. Oil and gas assets	53
14. Impairment	54
15. Provisions	55
16. Government grants	57
 Funding and Risk Management	
17. Interest bearing loans and borrowings	58
18. Net finance costs	58
19. Contributed equity and reserves	59
20. Financial risk management	61
21. Hedge accounting	66
 Group Structure	
22. Interests in joint arrangements	67
23. Investments in controlled entities	68
24. Parent entity information	69
 Other Information	
25. Commitments and contingencies	70
26. Share based payments	70
27. Related party disclosures	73
28. Remuneration of Auditors	73
29. Events after the reporting period	73
 Directors' Declaration	74
Independent Auditor's Report to the Members of Cooper Energy Limited	75
Auditor's Independence Declaration to the Directors of Cooper Energy Limited	83
Abbreviations and Terms	84
Corporate Directory	85

Operating and Financial Review

For the year ended 30 June 2019

Operations

Cooper Energy Limited (the “Company”) generates revenue from the supply of gas to South-East Australia and oil production in the Cooper Basin. The Group’s current operations and interests include:

- offshore gas and gas liquids production in the Otway Basin, Victoria, from the Casino, Henry, Netherby (“Casino Henry”) and Minerva gas fields;
- non-operated onshore oil production and exploration from the western flank of the Cooper Basin;
- the Sole gas field development in the offshore Gippsland Basin;
- the Manta gas and liquids field in the offshore Gippsland Basin;
- gas exploration in the offshore and onshore Otway Basin; and
- gas exploration in the offshore Gippsland Basin.

The Company is the Operator of all of its offshore gas production, exploration and development activities with the exception of the Minerva gas field.

Reserves and Contingent Resources

Proved and Probable Reserves (2P) as at 30 June 2019 are estimated at 52.7 million boe (barrels of oil equivalent) compared with 52.4 million boe at 30 June 2018. Contingent Resources (2C) as at 30 June 2019 are estimated at 26.9 million boe compared with 23.6 million boe at 30 June 2018.

As at 30 June 2019 ¹	2P Proved and Probable Reserves			2C Contingent Resource		
	Gas PJ	Oil & condensate MMbbl	Total MMboe	Gas PJ	Oil & condensate MMbbl	Total MMboe
Gippsland Basin	244.7	-	40.0	121.4	3.4	23.3
Otway Basin	66.6	-	10.9	18.2	-	3.0
Cooper Basin	-	1.8	1.8	-	0.6	0.6
Total Cooper Energy	311.3	1.8	52.7	139.6	4.1	26.9

¹ As announced to the ASX on 12 August 2019. Totals may not reflect arithmetic addition due to rounding. The method of aggregation is by arithmetic sum by category.

Workforce

At 30 June 2019 the Company had 53.5 full time equivalent (FTE) employees and 43.8 FTE contractors compared with 38.9 FTE employees and 62.1 FTE contractors at 30 June 2018. The increase in employee numbers is attributable to resourcing of roles and functions for the growth of the Group’s operations. Contractor numbers have fluctuated in line with the progress of the Sole Gas Project and requirements for the 2019 drilling program.

Health Safety Environment and Community

Zero lost time injuries or reportable environmental incidents occurred within the Company’s operations during the 12 months to 30 June 2019 and previous 12 months to 30 June 2018.

Production

Total production for the year was 1.31 million boe compared with 1.49 million boe in the previous year, with the decline being attributable to lower gas and oil output.

Gas production for the year was 6.6 PJ compared with 7.0 PJ in 2018. Natural field decline, the impact of interruption to Casino Henry output brought by scheduled maintenance at the Iona Gas Plant and the repair and upgrade to the Casino Henry control umbilical contributed to lower gas production in 2019.

Liquids production for the year consisted of 242.6 kbbl compared with 281.0 kbbl in the previous year. Approximately 98% of the 2019 liquids production was sourced from the Cooper Basin, where no drilling was conducted and production rates declined. As noted under ‘Outlook’ following, drilling in the Company’s Cooper Basin acreage is planned to resume in 2020.

Commercial

The company's strategy for creating shareholder value involves the establishment and operation of a portfolio style gas business to address supply opportunities in South-East Australia.

Fundamental to this strategy is identifying, developing and contracting gas reserves that rank among the most competitive supply available to the region. The Company considers the gas supply with the lowest delivered cost to market is the gas supply best able to optimise price for customers and value for shareholders.

Commercial focus in 2019 was on securing gas sales agreements for uncontracted gas supply for the near to medium term. Customer engagement and negotiations initiated in 2019 resulted in the announcement of gas sales agreements with AGL Energy, Origin Energy and Visy which was announced subsequent to year-end. These new agreements provide for a total supply of approximately 30 PJ net from Cooper Energy from 1 January 2019 to 31 December 2025.

Uncontracted proved and probable gas reserves are approximately 86 PJ, representing 28% of gas reserves at 30 June 2019. Almost all of this uncontracted gas is deliverable from the 2021 financial year.

Exploration and Development

Offshore Otway Basin

The Company's interest in the offshore Otway Basin comprise:

a) 50% interest in and Operatorship of:

- production licences VIC/L24 and VIC/L30 containing the Casino, Henry and Netherby gas fields;
- retention licences VIC/RL11 and VIC/RL12 and;
- exploration permit VIC/P44.

These interests are held in joint ventures with Mitsui E&P Australia Pty Ltd and Peedamullah Petroleum Pty Ltd (the "Casino Henry Joint Venture").

b) 10% interest in:

- the production licence VIC/L22 which holds the Minerva gas field; and
- the Minerva Gas Plant, onshore Victoria.

These interests are held in a joint venture (the "Minerva Joint Venture") with the Operator and remaining interest-holder, BHP Petroleum).

The participants in the Casino Henry Joint Venture have agreed to acquire the Minerva Gas Plant from the Minerva Joint Venture on the cessation of production from the Minerva gas field. This is expected to occur in 2020.

Offshore Otway exploration

The offshore Otway permits are highly attractive for gas exploration, being located in a proven gas province possessing pipeline infrastructure and access to processing and market (via the Minerva Gas Plant after its acquisition).

Since acquiring these interests in 2017, the company has conducted a re-evaluation of prospectivity, including reprocessing and interpretation of 3D seismic volume, which was integrated with other exploration studies. These studies resulted in two high-graded prospects, Annie and Elanora, being selected for drilling.

A two-well drilling campaign to test these prospects commenced subsequent to year-end with the spudding of Annie-1 on 2 August 2019, to be followed by Elanora-1. It is expected that any commercial gas discoveries resulting from the campaign may be developed using production wells drilled as part of a broader drilling campaign being planned for 2021.

Offshore Otway development

Development projects in the offshore Otway Basin (including the associated onshore gas processing facilities) and their status, are as follows:

- upgrade and replacement of the Casino Henry umbilical control system. This project was completed during the year to undertake routine maintenance, restore control system communication for the re-opening of Netherby-1 and upgrade capacity for accommodation of additional production wells such as may be required in the event of exploration success.
- connection of the Casino Henry gas operations to the Minerva Gas Plant. This project is to be initiated on acquisition of the plant by the Casino Henry Joint Venture.
- Henry development well. A development well is planned for the Henry gas field to access undeveloped reserves and increase production. The Henry development well is being considered for inclusion in the drilling campaign planned for 2021.

Operating and Financial Review

For the year ended 30 June 2019

The Company has applied for conversion of the VIC/RL11 and VIC/RL12 retention leases into production licences for the purpose of developing the portion of the Black Watch gas field that lies within these permits.

Onshore Otway Basin

The Company's interests in the onshore Otway Basin include licences in South Australia and permits in Victoria. Activities in the latter are currently suspended until June 2020 pursuant to the moratorium on onshore gas exploration imposed by the Victorian State Government.

The onshore Otway Basin interests comprise:

- a) 30% interests in PEL 494 and PRL 32, South Australia

The remaining interest in the PEL 494 and PRL 32 joint ventures is held by the Operator, Beach Energy Limited.

- b) 50% interests in PEP 150 and PEP 168 in Victoria

The remaining interests in the PEP 150 and PEP 168 joint ventures are held respectively by the Operators, Bridgeport Energy Limited and Beach Energy Limited.

- c) 75% interest in PEP 171 in Victoria, which may reduce to 50% on fulfilment of farm-in arrangements executed with Vintage Energy Ltd who hold 25% of the permit.

In South Australia, the PEL 494 Joint Venture prepared for the drilling of the Dombey-1 exploration well, which is expected to commence in late August 2019. Dombey-1 is located 20 kilometres north-west of the Katnook Gas Plant and will be part-funded through a \$6.89 million PACE Gas Round 2 grant by the South Australian Government.

Gippsland Basin

The Company's major development project and the majority of its Reserves and Resources, are located in the Gippsland Basin, offshore Victoria, Australia.

Interests in the region comprise:

- a) 100% interest in VIC/L32 which contains the Sole gas field;
- b) 100% interest in VIC/RL13, VIC/RL14 and VIC/RL15, which contain the Manta gas and liquids field. The retention leases also hold legacy infrastructure associated with the BMG oil project;
- c) 100% interest in VIC/L21 which contains the largely depleted and shut-in Patricia-Baleen gas field, and infrastructure offering connection to the Orbost Gas Plant; and
- d) 100% interest in exploration permit VIC/P72.

The Company is pursuing a phased development program of its Gippsland gas reserves and resources through development of Sole and a subsequent development of Manta.

Sole Gas Project

The Sole Gas Project is being undertaken to develop the Sole gas field, offshore Victoria. Production from Sole is expected to add 24 PJ per annum to Cooper Energy's gas sales.

The Sole gas field is being developed through separate offshore and onshore projects. APA Group is undertaking the onshore project to upgrade its existing Orbost Gas Plant to process gas from the Sole gas field.

The Company completed works relating to offshore construction of the Sole Gas Project during the year and the Sole gas field is ready to supply gas to the Orbost Gas Plant. First gas flow from the field to the Orbost Gas Plant will occur during the second phase of plant commissioning. APA have advised the plant is expected to commence commissioning in September 2019 and commence firm sales gas supply during the December quarter 2019.

The offshore construction was completed with zero lost time injuries and zero reportable environmental incidents after performance of 561,362 work hours at offshore sites, marine and subsea workplaces.

Capital expenditure incurred on the offshore project to 30 June 2019 totalled \$339 million. The final cost for the project will be subject to expenditure for planned support of commissioning activities and commercial close-out of key supplier contracts, which may include rebates, credits and variations. Forecast final cost remains within budget for the offshore project cost of \$355 million.

Manta

Development of the Manta gas and liquids field is being pursued as the next phase of the Gippsland Gas Project, utilising economies available through coordination with the Sole gas field development.

A business case undertaken in 2015 found commercialisation of the gas field could be feasible. Appraisal of the field's Contingent Resources is considered necessary for confirmation of the assessed resource. An appraisal/exploration well, Manta-3, will also test the potential of a prospective resource in deeper reservoirs and inform a development decision on

Operating and Financial Review

For the year ended 30 June 2019

the field and the final firm development plan. The drilling of Manta-3 is being considered in the planning of the offshore drilling campaign for 2021.

The 2021 drilling campaign may also include drilling an exploration prospect in VIC/P72.

Cooper Basin

The Cooper Basin interests comprise:

- a) 25% interest in PRLs 85-104 (the "PEL 92 Joint Venture") with the remaining interest held by the Operator, Beach Energy Limited.
- b) 30% interest in PRLs 231-233 (the "PEL 93 Joint Venture"), with the remaining interest in the joint venture held by the Operator, Senex Energy Limited;
- c) 20% interest in PRL 237, with the remaining interests in the joint venture held by Metgasco Limited and the Operator, Senex Energy Limited;
- d) 19.165% interest in PRLs 207-209 (formerly PEL 100), with the remaining interests in the joint venture held by Santos QNT Pty Ltd and the Operator, Senex Energy Limited; and
- e) 20% interest in PRLs 183-190 (formerly PEL 110), with the remaining interest in the joint venture held by the Operator, Senex Energy Limited.

The PEL 92 FY20 drilling of up to 19 exploration, appraisal and development wells commenced on 30 July 2019 at Parsons-6. Reprocessing and merging of the PEL 92 3D seismic surveys was conducted and interpretation of the data sets commenced. The results of this activity will assist future definition of exploration prospectivity.

In PRLs 231, 232 and 233 (formerly PEL 93) acquisition of the Westeros 3D seismic survey was completed. This seismic survey covered 278 km² within the Company's acreage to address the highly prospective Namur Sandstone exploration play and support testing a southern extension of the western flank oil play. The seismic data is now being processed, with prospects to be identified in 2020.

Operating and Financial Review

For the year ended 30 June 2019

Financial Performance

Cooper Energy Limited recorded a statutory loss after tax of \$12.1 million for the financial year which compares with the profit after tax of \$27.0 million recorded in the 2018 financial year. The 2019 financial year statutory loss included a number of items which affected the result by a total of \$25.4 million. These items comprise:

- a non-cash restoration expense of \$26.2 million resulting from a reassessment of the Patricia Baleen field rehabilitation provision; and
- gain on exit provision of \$0.8 million in respect of the Company's settlement of a payment relating to the exit of the Hammamet permit (Tunisia), which had been previously provided for.

The prior period result included a gain on sale of the Orbest Gas Plant of \$21.9 million.

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

The underlying profit after tax (exclusive of the items noted above) was \$13.3 million, compared with an underlying profit after tax of \$9.8 million in the 2018 financial year. The factors which contributed to the movement between the periods were:

- higher oil and gas sales revenue of \$8.0 million;
- higher costs of sales of \$5.4 million as a result of higher gas processing costs;
- higher administration costs of \$4.3 million, mainly relating to the Company's increased remuneration costs as a result of increased head count due to higher activity levels across the business; and
- lower tax expense of \$5.2 million including PRRT payments made in respect of the Company's producing gas assets.

Financial Performance		2019	2018	Change	%
Sales volume	MMboe	1.3	1.5	(0.2)	(12%)
Sales revenue	\$ million	75.5	67.5	8.0	12%
Gross profit	\$ million	31.7	29.0	2.7	9%
Gross profit / Sales revenue	%	42.0	43.0	(1.0)	(2%)
Operating cash flow	\$ million	20.5	22.2	(1.7)	(8%)
Cash, other financial assets and investments	\$ million	165.5	259.3	(93.8)	(36%)
Reported profit/(loss) after tax	\$ million	(12.1)	27.0	(39.1)	(145%)
Underlying profit/(loss) after tax	\$ million	13.3	9.8	3.5	36%
Underlying profit/(loss) before tax	\$ million	12.1	14.0	(1.9)	(14%)
Underlying EBITDA*	\$ million	32.9	32.6	0.3	1%
* 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.

Cash and cash equivalents balance decreased by \$72.6 million over the period as summarised in the following chart.

Operating cashflows for the period were \$20.5 million comprising:

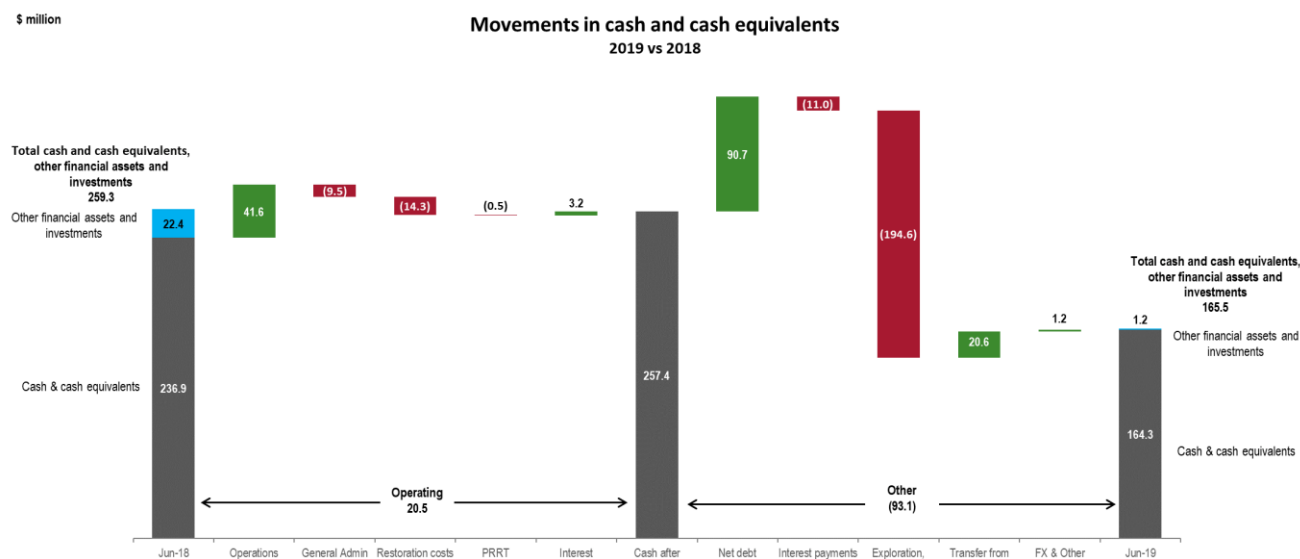
- cash generated from operations of \$41.6 million;
- general administration costs of \$9.5 million;
- restoration costs of \$14.3 million;
- Petroleum Resource Rent Tax (PRRT) payments of \$0.5 million; and
- interest revenue of \$3.2 million;

Financing, investing and other cash flows for the period were \$93.1 million and included:

- debt drawdowns of \$90.7 million (net of costs of \$1.6 million);
- exploration, development and property, plant and equipment costs of \$194.6 million;
- interest payments of \$11.0 million;
- transfer of \$20.6 million from escrow; and
- foreign exchange differences and other of \$1.2 million.

Operating and Financial Review

For the year ended 30 June 2019



Financial Position

Financial Position		2019	2018	Change	%
Total assets	\$ million	1,001.8	816.8	185.0	23%
Total liabilities	\$ million	568.1	372.9	195.2	52%
Total equity	\$ million	433.7	443.9	(10.2)	(2%)
Net (debt)/cash	\$ million	(53.9)	111.0	(164.9)	(149%)

Assets

Total assets increased by \$185.0 million from \$816.8 million to \$1,001.8 million.

At 30 June the Company held cash and cash equivalents of \$164.3 million and investments of \$1.2 million.

Exploration and evaluation assets increased by \$53.6 million from \$98.7 million to \$152.3 million as a result of increases associated with the reset of the rehabilitation provisions and capital expenditure incurred on exploration assets.

Oil and gas assets increased by \$218.6 million from \$394.6 million to \$613.2 million mainly as a result of capital expenditure incurred on development activities and increases associated with the reset of the rehabilitation provisions.

Total Liabilities

Total liabilities increased by \$195.2 million from \$372.9 million to \$568.1 million.

Provisions increased by \$107.4 million from \$180.5 million to \$287.9 million attributable to the revised gross cost assumptions for restoration provisions and lower discount rates.

Interest bearing loans and borrowings increased by \$96.8 million from \$116.9 million to \$213.7 million. This represents the drawdowns under the reserve-based lending (RBL) facility of \$218.2 million offset by associated capitalised transaction costs of \$4.5 million.

Total Equity

Total equity decreased by \$10.2 million from \$443.9 million to \$433.7 million. In comparing equity at 30 June 2019 to 30 June 2018 the key movements were:

- higher contributed equity of \$2.6 million due to shares issued to select contract staff, shares issued on vesting of performance rights and share appreciation rights during the period;
- lower reserves of \$0.7 million mainly due to the vesting of equity incentives to employees partially offset by fair value movements in the Company's interest rate swaps for which cash flow hedge relationships apply; and
- higher accumulated losses of \$12.1 million due to the statutory loss for the period.

Outlook

The 12 months to 30 June 2020 are expected to be a milestone year in the life of the Company as the Sole gas field comes on line. The contribution from Sole at plant design rates is expected to increase Cooper Energy gas production by more than five times from approximately 15 TJ per day to more than 80 TJ per day and substantially increase sales revenue and cash flow.

The timing of this event will be determined by completion of the Orbost Gas Plant upgrade. APA have advised the plant is expected to commence commissioning in September and to commence firm sales gas supply in the December quarter 2019. As the date for this event is currently unknown, the company's guidance for 2020 production is, at this stage, based on existing producing assets alone and does not include estimates for Sole. These assets, in the Otway and Cooper Basins are expected to generate production of approximately 1.2 million boe in 2020, which includes gas production expected to exceed 5 PJ. Oil production of approximately 240,000 barrels is expected from the Cooper Basin.

Guidance for 2020 will be revised and announced subsequent to the completion of plant commissioning. Sole is expected to add 68 TJ (11,000 boe) per day at plant design rates.

2020 will also feature the largest drilling program yet undertaken by the Company. The program, which comprises 22 wells, has two elements:

- 1) gas exploration in the Otway Basin to identify commercial gas discoveries capable of providing the company's next wave of growth. This element includes the drilling of the Annie-1 and Elanora-1 exploration wells in the offshore Otway Basin and the Dombey-1 well onshore. Subsurface studies and well design will also be conducted for the company's VIC/P72 exploration permit in the Gippsland Basin. Gas exploration accounts for \$49 million, or 85%, of the year's exploration budget.
- 2) Exploration, appraisal and development drilling in the Cooper Basin by the PEL-92 joint venture to add new reserves and production. The Cooper Basin program includes three exploration wells, 10 appraisal wells on producing fields and, depending on appraisal results, six development wells.

Business Strategies and Prospects

Cooper Energy seeks to generate shareholder wealth through ownership and operation of a portfolio of gas assets with superior competitiveness in the supply of gas to South-East Australia. Key to the Company's success, and its desire to generate superior returns for its shareholders, is value-adding acquisition, discovery, development, contracting and supply of gas.

Execution of the strategy over the past six years has seen accumulation of a portfolio of gas assets occupying an advantageous position on the cost curve and a portfolio of supply contracts with utility and industrial customers.

This portfolio offers a range of value catalysts in current and future years through:

- new gas contracts. As financial results for 2019 have demonstrated, the commencement of new gas contracts has been responsible for increased revenue.
- increased production of gas. As noted under Outlook preceding, the commencement of production from the Sole gas field in 2020 is expected to increase Cooper Energy's gas sales by a factor of five. Potential for further increases to gas production has been established by the performance of Sole-3 and Sole-4 in excess of plant design rates during testing.
- development of existing resources and reserves at Manta and the Henry gas field.
- exploration for new resources of gas in the Otway and Gippsland basins. The Company's acreage in these regions holds identified gas prospects in proximity, and on-trend with, producing and known gas fields and close to existing pipe and processing infrastructure. These are to be targeted in the drilling campaign that commenced in August and the subsequent campaign being planned for 2021.
- completion of the acquisition of the Minerva Gas Plant and integration of the plant into the Casino Henry pipeline system.
- The Company's oil producing production and reserves are expected to benefit from an escalated drilling campaign planned for 2020

The Company is vigilant in identifying potential value-creation opportunities from participation in assets that fit with the Company's strategy and portfolio. The Company reviews its portfolio and equity participation levels on an ongoing basis for optimal allocation of capital for value creation.

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 30 June 2019 the Company had cash, deposits, and equity instruments of \$165.5 million and drawn debt of \$218.2 million¹. The Company has a Reserve Based Lending facility to fund a portion of the Sole gas field development with a limit of \$250.0 million. Of this limit, \$233.0 million is available, of which \$14.8 million remains undrawn at 30 June 2019. The facility can be used for general corporate purposes after project completion. The Company has additional liquidity of approximately \$15 million through a working capital facility to be used for general business purposes, of which \$1.7 million has been utilised in respect of bank guarantees with the remaining balance undrawn. Further information is detailed in Note 17 of the Financial Statements.

The Company continues to assess value accretive funding options as it pursues growth opportunities.

Risk Management

The Company manages risks in accordance with its risk management policy with the objective of ensuring 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 Risk and Sustainability Committee. The Committee approves and oversees an internal audit program undertaken internally and/or in conjunction with appropriate external industry or field specialists.

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

Risk	Description
Exploration	<p>Exploration is a speculative activity with an associated risk of discovery to find oil and gas in commercial quantities and a risk of development. If Cooper Energy is unsuccessful in locating and developing or acquiring new reserves and resources that are commercially viable, this may have a material adverse effect on future business, results of operations and financial conditions.</p> <p>Cooper Energy utilises established methodologies and experienced personnel to evaluate prospects and manage the risk associated with exploration. The Company also ensures all major decisions are subjected to assurance reviews which include external experts and contractors where appropriate.</p>
Development and Production	<p>Development and production of oil and gas projects may be exposed to low side reserve outcomes, cost overruns, production decrease or stoppage, which may result from facility shutdowns, mechanical or technical failure and other unforeseen events. Cooper Energy undertakes technical, financial, business and other analysis in order to determine a project's readiness to proceed from an operational, commercial and economic perspective. Even if Cooper Energy recovers commercial quantities of oil and gas, there is no guarantee that a commercial return can be generated.</p> <p>Cooper Energy has a project risk management and reporting system to monitor the progress and performance of material projects and is subject to regular review by senior management and the Board. All major development and investment decisions are subjected to assurance reviews which includes external experts and contractors where appropriate.</p>
Regulatory	<p>Cooper Energy operates in a highly regulated environment. Cooper Energy complies with the regulatory authorities' requirements. There is a risk that regulatory approvals are withheld, take longer than expected or unforeseen circumstances arise where requirements may not be adequately addressed in the eyes of the regulator and costs may be incurred to remediate non-compliance and/or obtain approval(s). Changes in personnel, Government, monetary, taxation and other laws in Australia or internationally may impact the Company's operations</p> <p>Cooper Energy monitors legislative and regulatory developments and works to ensure that stakeholder concerns are addressed fairly and managed. Documents submitted to regulatory authorities are reviewed and audited to help ensure they are appropriate and comply with all regulatory requirements.</p>
Market	<p>The global oil market and Australian domestic gas market are subject to the fluctuations of supply and demand and price. To the extent that future actions of third parties contribute to demand destruction or there is an expansion of alternative supply sources, there is a risk that this may have a material adverse effect on price for the oil and gas produced and the Company's business, results of operations and financial condition.</p> <p>Cooper Energy regularly monitors developments and changes in the international oil and domestic gas market to enable the Company to be best placed to address changes in market conditions.</p>

¹ Shown as \$213.7 million on the Consolidated Statement of Financial Position, net of prepaid transaction costs.

Operating and Financial Review

For the year ended 30 June 2019

Risk	Description
Oil and gas prices	<p>Future value, growth and financial conditions are dependent upon the prevailing prices for oil and gas. Prices for oil and gas are subject to fluctuations and are affected by numerous factors beyond the control of Cooper Energy.</p> <p>Cooper Energy monitors and analyses the oil and gas markets and seeks to reduce price risk where reasonable and practical. The Company has policies and procedures for entering into hedging contracts to mitigate against the fluctuations in oil price and exchange rates.</p>
Operating	<p>There are a number of risks associated with operating in the oil and gas industry. The occurrence of any event associated with these risks could result in substantial losses to the Company that may have a material adverse effect on Cooper Energy's business, results of operations and financial condition.</p> <p>To the extent that it is reasonable to do so, Cooper Energy mitigates the risk of loss associated with operating events through insurance contracts. Cooper Energy operates with a comprehensive range of operating and risk management plans and an HSEC management system to ensure safe and sustainable operations.</p>
Counterparties	<p>The ability of Cooper Energy to achieve its stated objectives will depend on the performance of the counterparties under various agreements (including joint venture arrangements) it has entered into. If any counterparties do not meet their obligations under the respective agreements, this may impact on operations, business and financial conditions.</p> <p>Cooper Energy monitors performance across material contracts against contractual obligations to minimise counterparty risk and seeks to include terms in agreements which mitigate such risks.</p>
Reserves	<p>Oil and gas reserves are expressions of judgement based on knowledge, experience and industry practice. These estimates may alter significantly or become uncertain when new information becomes available and/or there are material changes of circumstances which may result in Cooper Energy altering its plans which could have a positive or negative effect on Cooper Energy's operations.</p> <p>Reserves and Contingent Resources estimation is consistent with the definitions and guidelines in the Society of Petroleum Engineers 2007 Petroleum Resources Management Systems. The assessment of Reserves and Contingent Resources may also undergo independent review.</p>
Environment	<p>Cooper Energy's exploration, development and production activities are subject to state, national and international environmental laws and regulations. Oil and gas exploration, development and production can be potentially environmentally hazardous giving rise to substantial costs for environmental rehabilitation, damage control and losses.</p> <p>Cooper Energy has a comprehensive approach to the management of risks associated with environment which is embedded as a core part of our approach to health, safety, environment and community. This approach includes standards for asset reliability and integrity, technical and operational competency and emergency response preparedness.</p>
Funding	<p>Cooper Energy must undertake significant capital expenditures in order to conduct its development appraisal and exploration activities. Limitations on the access to adequate funding could have a material adverse effect on the business, results from operations, financial condition and prospects. Cooper Energy's business and, in particular development of large scale projects, relies on access to debt and equity funding. There can be no assurance that sufficient debt or equity funding will be available on acceptable terms or at all.</p> <p>Cooper Energy endeavours to ensure the best source of funding is obtained to maximise shareholder value, having regard to prudent risk management supported by economic and commercial analysis of all business undertakings.</p>
Restoration liabilities	<p>Cooper Energy has certain obligations in respect of decommissioning of its fields, production facilities and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require Cooper Energy to make provisions for such decommissioning and the abandonment of assets. Provisions for the costs of this activity are informed estimates and there is no assurance that the costs associated with decommissioning and abandoning will not exceed the amount of long term provisions recognised to cover these costs.</p> <p>Cooper Energy recognises restoration provisions after construction and conducts a review on a semi-annual basis. Any changes to the estimates of the provisions for restoration are recognised in line with accounting standards.</p>

Operating and Financial Review

For the year ended 30 June 2019

Risk	Description
Community	<p>Cooper Energy conducts exploration and production operations in regions with residential, environmental, cultural and economic significance to local and national communities. Loss of confidence in the company, in its ability to operate responsibly or opposition to exploration and production activities generally within these communities may impair the 'social licence' for Cooper Energy and its capacity to execute its plans.</p> <p>Cooper Energy conducts a community engagement programme at multiple levels and in multiple forms. The purpose of this programme is to build and maintain awareness of the company, its operations and plans in local regions. It serves to build relationships with local communities together with awareness of the economic benefits to the community and the nation generally.</p> <p>Elements of the program include:</p> <ul style="list-style-type: none"> • sponsorship and donations made to local community organisations; • engagement and briefing with local office holders and elected representatives of local, state and federal government; • engagement with local community groups via town hall meetings and community information sessions; • engagement with fishing industry associations; • publication of information regarding the company's activities and plans including the maintenance of a 'Community' page on the company's website; and • engagement with local media, including the use of social media
Climate and Sustainability	<p>Cooper Energy recognises both the direct physical and indirect non-physical impacts of climate change that may affect our operations and the markets into which we sell our gas and oil. Potential risks related to the direct impacts of climate change include those arising from increased severe weather events as well as those from longer-term changes in climate patterns and factors such as sea level rise.</p> <p>Indirect risks arise from a variety of legal, policy, technology and market responses to the challenges that climate change poses as society transitions to a lower emissions future.</p> <p>Opportunities arise from our gas focused portfolio. Natural gas is by far the cleanest burning fossil fuel; when used to produce electricity it delivers approximately a 50% reduction in emissions per unit of output compared to coal. Beyond conventional heating and cooking applications, gas is also a critical input for many industries including fertiliser and other agricultural chemicals, refrigerants, plastics, glass manufacture, food processing, pharmaceuticals and many more.</p> <p>Natural gas is viewed as a key element supporting society's sustainable energy transition and forecasts show an increasing global demand for gas over the medium to long term.</p>

Reconciliations for net profit/(loss) to Underlying net profit/(loss) and Underlying EBITDA

Reconciliation to Underlying profit/(loss)		2019	2018	Change	%
Net profit/(loss) after income tax	\$ million	(12.1)	27.0	(39.1)	(145%)
Adjusted for:					
Gain on derecognition of investment in associate	\$ million	-	(0.4)	0.4	100%
Gain/(loss) on payment of exit penalty	\$ million	(0.8)	0.2	(1.0)	(500%)
Impairment of exploration and evaluation	\$ million	-	0.7	(0.7)	(100%)
Restoration expense	\$ million	26.2	4.9	21.3	435%
Gain on sale of subsidiary	\$ million	-	(21.9)	21.9	100%
Gain on movement of consideration receivable	\$ million	-	(0.5)	0.5	100%
Tax impact of above changes	\$ million	-	(0.2)	0.2	100%
Underlying profit/(loss)	\$ million	13.3	9.8	3.5	36%
Reconciliation to Underlying EBITDA*		2019	2018	Change	%
Underlying profit/(loss)	\$ million	13.3	9.8	3.5	36%
Add back:					
Interest revenue	\$ million	(3.4)	(4.0)	0.6	15%
Accretion expense	\$ million	5.0	2.7	2.3	85%
Tax expense/(benefit)	\$ million	(1.2)	4.0	(5.2)	(130%)
Depreciation	\$ million	1.0	3.3	(2.3)	(70%)
Amortisation	\$ million	18.2	16.9	1.3	8%
Underlying EBITDA*	\$ million	32.9	32.6	0.3	1%
* Earnings before interest, tax, depreciation and amortisation					

Directors' Statutory Report

For the year ended 30 June 2019

The Directors present their report together with the Consolidated Financial Report of the Group, being Cooper Energy Limited (the "parent entity" or "Cooper Energy" or "Company") and its controlled entities, for the financial year ended 30 June 2019, 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:

Mr John C. CONDE AO
B.Sc. B.E(Hons), MBA
CHAIRMAN
INDEPENDENT NON-EXECUTIVE
DIRECTOR
Appointed 25 February 2013

Experience and expertise

Mr Conde has extensive experience in business and commerce and in chairing high profile business, arts and sporting organisations.

Previous positions include Non-executive Director of BHP Billiton, Chairman of Pacific Power (the Electricity Commission of NSW), Chairman of the Sydney Symphony Orchestra, Director of AFC Asian Cup, Chairman of Events NSW, President of the National Heart Foundation and Chairman of the Pymble Ladies' College Council.

Current and other directorships in the last 3 years

Mr Conde is Chairman of The McGrath Foundation (since 2013 and Director since 2012). He is President of the Commonwealth Remuneration Tribunal (since 2003) and a Director of Dexus Property Group ASX: DXS (since 2009). He is Deputy Chairman of Whitehaven Coal Limited ASX: WHC (since 2007). Mr Conde is a former Chairman of Bupa Australia (2008 – 2018).

Special responsibilities

Mr Conde is Chairman of the Board of Directors. He is also a member of the People and Remuneration Committee¹ and Chairman of the Nomination Committee¹.

Mr David P. MAXWELL
M.Tech, FAICD
MANAGING DIRECTOR
Appointed 12 October 2011

Experience and expertise

Mr Maxwell is a leading oil and gas industry executive with more than 25 years in senior executive roles with companies such as BG Group, Woodside Petroleum Limited and Santos Limited. Mr. Maxwell has very successfully led many large commercial, marketing and business development projects.

Prior to joining Cooper Energy Mr Maxwell worked with the BG Group, where he was responsible for all commercial, exploration, business development, strategy and marketing activities in Australia and led BG Group's entry into Australia and Asia including a number of material acquisitions.

Mr Maxwell has served on a number of industry association boards, government advisory groups and public company boards.

Current and other directorships in the last 3 years

Mr Maxwell is a Director of wholly owned subsidiaries of Cooper Energy Ltd. He is also on the Board of the Australian Petroleum Production & Exploration Association and the Minerals and Energy Advisory Council.

Special responsibilities

Mr Maxwell is Managing Director and is responsible for the day to day leadership of Cooper Energy. He is the leader of the Management Team. Mr Maxwell is also chairman of the HSEC Committee (a management committee, not a Board committee).

Ms Elizabeth A. DONAGHEY
B.Sc., M.Sc.
INDEPENDENT NON-EXECUTIVE
DIRECTOR
Appointed 25 June 2018

Experience and expertise

Ms Donaghey brings over 30 years' experience in the energy sector including technical, commercial and executive roles in EnergyAustralia, Woodside Energy and BHP Petroleum.

Ms Donaghey's experience includes Non-executive director roles at Imdex Ltd, an ASX-listed provider of drilling fluids and downhole instrumentation: St Barbara Ltd, a gold explorer and producer and the Australian Renewable Energy Agency. She has performed extensive committee roles in these appointments, serving on audit and compliance, risk and audit, technical and regulatory, remuneration and health and safety committees.

Current and other directorships in the last 3 years

Ms Donaghey is a Non-executive Director of Australian Energy Market Operator (AEMO) (since 2017). Ms Donaghey is a former Director of Imdex Ltd (2009 - 2016).

Special responsibilities

Ms Donaghey is a member of the Audit Committee, Risk and Sustainability Committee, People and Remuneration Committee and Nomination Committee. Ms Donaghey was a member of the Remuneration and Nomination Committee¹ until 19 June 2019.

Directors' Statutory Report

For the year ended 30 June 2019

Mr Hector M. GORDON

B.Sc. (Hons). FAICD

EXECUTIVE DIRECTOR

26 June 2012 – 23 June 2017

NON-EXECUTIVE DIRECTOR

Appointed 24 June 2017

Experience and expertise

Mr Gordon is a very successful geologist with over 35 years of experience in the petroleum industry. Mr Gordon was previously Managing Director of Somerton Energy until it was acquired by Cooper Energy in 2012. Previously he was an Executive Director with Beach Energy Limited where he was employed for more than 16 years. In this time Beach Energy experienced significant growth and Mr Gordon held a number of roles including Exploration Manager, Chief Operating Officer and, ultimately, Chief Executive Officer. Mr. Gordon's previous employers also include Santos Limited, AGL Petroleum, TMOC Resources, Esso Australia and Delhi Petroleum Pty Ltd.

Current and other directorships in the last 3 years

Mr Gordon is a Director of Bass Oil Limited ASX: BAS (since 2014) and during the reporting period was a director of various wholly owned subsidiaries of Cooper Energy Limited (until 10 April 2019).

Special responsibilities

Mr Gordon is the Chairman of the Risk and Sustainability Committee and a member of the Audit Committee and the Nomination Committee.

Mr Jeffrey W. SCHNEIDER

B.Com

INDEPENDENT NON-EXECUTIVE

DIRECTOR

Appointed 12 October 2011

Experience and expertise

Mr Schneider has over 30 years of experience in senior management roles in the oil and gas industry, including 24 years with Woodside Petroleum Limited. He has extensive corporate governance and board experience as both a non-executive director and chairman in resources companies.

Current and other directorships in the last 3 years

Mr Schneider does not currently hold any other directorships.

Special responsibilities

Mr Schneider is Chairman of the People and Remuneration Committee¹ and a member of the Nomination Committee¹. Mr Schneider is also a member of the Audit Committee. He was a member of the Risk and Sustainability Committee until 19 June 2019.

Ms Alice J. WILLIAMS

B.Com, FAICD, FCPA, CFA

INDEPENDENT NON-EXECUTIVE

DIRECTOR

Appointed 28 August 2013

Experience and expertise

Ms Williams has over 30 years of senior management and Board level experience in corporate, investment banking and Government sectors.

Ms Williams has been a consultant to major Australian and international corporations as a corporate advisor on strategic and financial assignments. Ms Williams has also been engaged by Federal and State based Government organisations to undertake reviews of competition policy and regulation. Prior appointments include Director of Airservices Australia, Guild Group, Port of Melbourne Corporation, Telstra Sale Company, V/Line Passenger Corporation, State Trustees, Western Health and the Australian Accounting Standards Board. Ms Williams is also a former council member of the Cancer Council of Victoria.

Current and other directorships in the last 3 years

Ms Williams is a Non-executive Director of Equity Trustees Ltd ASX: EQT (since 2007), Djerriwarrh Investments Ltd, Victorian Funds Management Corporation (since 2008), the Foreign Investment Review Board (since 2015), Defence Health (since 2010) and not for profit Tobacco Free Portfolios (since 2018).

Special responsibilities

Ms Williams is the Chairman of the Audit Committee and a member of both the Risk and Sustainability Committee and the Nomination Committee¹. Ms Williams was a member of the Remuneration and Nomination Committee¹ until 19 June 2019.

¹Note that the responsibilities of the Remuneration and Nomination Committee were separated into the People and Remuneration Committee and the Nomination Committee from 19 June 2019.

Directors' Statutory Report

For the year ended 30 June 2019

2. Company secretary

Ms Alison Evans B.A., LLB was appointed to the position of Company Secretary and Legal Counsel on 25 February 2013 and resigned from this position on 9 August 2019. Ms Evans is an experienced company secretary and corporate legal counsel with extensive knowledge of corporate and commercial law in the resources and energy sectors. Ms Evans has been Company Secretary and/or Legal Counsel in a number of minerals and energy companies including Centrex Metals, GTL Energy and AGL. Ms Evans' public company experience is supported by her work at leading corporate law firms.

Effective from 9 August 2019, Ms Amelia Jalleh was appointed to the position of Company Secretary and General Counsel. Ms Jalleh brings more than 18 years' international oil and gas experience in senior corporate, commercial and legal roles. Her experience spans conventional and unconventional projects, asset and portfolio management, and international M&A transactions. Prior to joining Cooper Energy, Ms Jalleh held the position of Director, Business Development Asia-Pacific for Repsol, based in South East Asia Singapore. Ms Jalleh has worked in Australia, the Middle East, North America, the UK and Singapore/South East Asia in roles with Repsol, Talisman Energy, King & Spalding LLP and Santos Limited.

3. Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors during the financial year were:

Director	Board Meetings		Audit Committee Meetings		Risk & Sustainability Meetings		Remuneration and Nomination Committee Meetings**	
	A	B	A	B	A	B	A	B
Mr J. Conde	9	9	-	-	-	-	2	2
Mr D. Maxwell	9	9	-	-	-	-	-	-
Ms E. Donaghey*	9	9	1	1	-	-	1	1
Mr H. Gordon	9	9	4	4	3	3	-	-
Mr J. Schneider	9	9	4	4	3	3	2	2
Ms A. Williams	9	9	4	4	3	3	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

* Ms Donaghey was appointed to the Audit Committee and the Remuneration and Nomination Committee from 1 June 2019

** The responsibilities of the Remuneration and Nomination Committee were separated into the People and Remuneration Committee and the Nomination Committee from 19 June 2019. No meetings of these committees were held during the reporting period.

4. Remuneration Report (audited)

Information about the remuneration of the Company's key management personnel for the financial year ended 30 June 2019 is set out in the Remuneration Report. The information in the Remuneration Report has been audited as required by the *Corporations Act 2001* (Cth) and forms part of the Directors' Report.

Directors' Statutory Report

For the year ended 30 June 2019

Introduction to Remuneration Report from the Chairman of the Remuneration and Nomination Committee

Dear Shareholder

I am pleased to present your Company's 2019 Remuneration Report for which we will be seeking your support at the 2019 Annual General Meeting. This report is an important element of the Company's annual reporting. It documents the Company's remuneration framework and guiding principles; details the remuneration outcomes for its Board and key management personnel and enables comparison of these remuneration outcomes with the Company's performance.

The Remuneration and Nomination Committee's view is this report shows the Company's remuneration framework to be appropriate and the 2019 remuneration outcomes are fair when compared to peer companies and taking account of the Company's performance over the last few years.

Remuneration report context: 2019 Financial Year

The Company's performance in the 12 months to 30 June 2019 is reported in the Operating and Financial Review of the Financial Report. This performance and how it compared to the specific targets of the Company Scorecard provide the context of the Remuneration Report.

Cooper Energy met or exceeded the targets of its Corporate Scorecard in all categories. One outcome I highlight as being particularly noteworthy is the completion of the construction phase of the offshore Sole project free of lost time injuries, free of reportable environmental incidents and within budget.

The Sole project is of great significance for the expansion of gas sales and the long-term stable income it will generate upon start-up. It is important not to overlook the significance of the achievement of the offshore project construction. This exemplifies the excellent and broad-spectrum performance our remuneration framework seeks to encourage and reinforce within Cooper Energy.

Cooper Energy recorded a superior total shareholder return when compared to the large majority of its peers in both the short and long-term assessment periods. The Company's share price rose by 40.3% over the 2019 financial year and has increased 3 times (200%) in the 3 years to 30 June 2019. This leading performance has consolidated post-balance-date with the achievement of 11-year share price highs. While this latter performance is outside the scope of this report, it is affirmatory of the Company's year-end position.

A remuneration framework which attracts, encourages, rewards and retains talent that can repeat performances such as this is essential for your Company's ongoing growth.

Remuneration developments

The Company's remuneration framework, and its management team, has been stable for some time. The view of the People and Remuneration Committee is that the Company's remuneration framework and principles have served the Company well. They are simple and relevant and consistent with the objective to attract and retain high calibre employees and provide incentives to deliver superior performance in line with the Cooper Energy Values. Consequently, there has been little change to the Company's remuneration structure and no change is proposed for the 2020 financial year. The one change made in the 2019 financial year was the elimination of the re-testing provision to the Long Term Incentive Plan. This change recognises the growth in the Company's development activities and that it will no longer be reliant on single projects which had previously justified the re-testing provision.

In June 2019, the Board determined that fees payable to Directors, which have not changed since 1 January 2017, are to increase from 1 July 2019. The Chairman's fee will increase from \$210,000 to \$240,000 and other Directors fees will increase from \$100,000 to \$115,000. Committee fees will remain the same at \$20,000 and \$10,000 for chair and member fees respectively for all committees, except the new Nomination Committee for which the fees paid to members will be \$5,000. These fees are comparable to those at relevant peer companies.

Remuneration outcomes

The remuneration outcomes detailed in this report are consistent with and recognise the superior performance of the Company over both the short and long terms.

The at-risk payments under the Long Term Incentive Plan increased significantly in 2019 as the first vesting date for the Performance Rights and Share Appreciation Rights under the Equity Incentive Plan approved by shareholders in 2015 occurred on 14 December 2018. This triggered the vesting of incentives and the issue of shares consistent with the Company's leading performance over the three year performance period.

Remuneration paid to the Managing Director increased from 1 October consistent with benchmarking within the hydrocarbon industry. This included recognition of the scaling back of grants payable under the Long Term Incentive Plan from 120% to 100% of fixed annual remuneration, which is also consistent with broader industry practice.

We thank the Managing Director, management team and their teams for their very considerable commitment and contribution over the year.

Yours sincerely

Mr Jeffrey Schneider

Chairman of the Remuneration and Nomination Committee

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

Contents	Page
4.1 Introduction	17
4.2 Key Management Personnel covered in this Report	17
4.3 Remuneration Governance	18
4.4 2019 performance and Executive KMP outcomes	19
4.5 Nature of Executive KMP remuneration	21
4.6 Nature of Non-executive Director remuneration	25
4.7 Statutory Remuneration Disclosures	26

4.1 Introduction

This Remuneration Report (**Report**) details the approach to remuneration frameworks, outcomes and performance for Cooper Energy. The Remuneration Report forms part of the Directors' Report and provides shareholders with an understanding of the remuneration principles and practices in place for key management personnel (**KMP**) for the reporting period.

The Remuneration Report has been prepared in accordance with section 300A of the *Corporations Act 2001* and unless specified otherwise, has been audited in accordance with the provisions of section 308 (3C) of the *Corporations Act 2001*.

4.2 Key Management Personnel covered in this Report

In this Report, Key Management Personnel (**KMP**) are the people who have the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. They are:

- Non-executive Directors;
- The Managing Director; and
- the executives on the management team.

The Managing Director and other executives on the management team are referred to in this Report as "**Executive KMP**". The following table sets out the KMP of the Group during the reporting period, and the period they were KMP:

Non-executive Directors	Position	Dates
Mr J. Conde AO	Chairman	Full reporting period
Ms E. Donaghey	Non-executive Director	Full reporting period
Mr H. Gordon	Non-executive Director	Full reporting period
Mr J. Schneider	Non-executive Director	Full reporting period
Ms A. Williams	Non-executive Director	Full reporting period
Executive KMP	Position	Dates
Mr D. Maxwell	Managing Director	Full reporting period
Mr A. Thomas	General Manager Exploration & Subsurface	Full reporting period
Ms V. Suttell	Chief Financial Officer	Full reporting period
Ms A. Evans	Company Secretary and Legal Counsel	Full reporting period
Mr I. MacDougall	General Manager Operations	Full reporting period
Mr E. Glavas	General Manager Commercial & Business Development	Full reporting period
Mr D. Clegg	General Manager Development	Full reporting period
Mr M. Jacobsen	General Manager Projects	Full reporting period

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

4.3 Remuneration Governance

4.3.1 Philosophy and objectives

The Company is committed to a remuneration philosophy that aligns to its business strategy and encourages superior performance and shareholder returns. Cooper Energy's approach towards remuneration aims to ensure that an appropriate balance is achieved among:

- maximising sustainable growth in shareholder returns;
- operational and strategic requirements; and
- providing attractive and appropriate remuneration packages.

The primary objectives of the Company's remuneration policy are to:

- attract and retain high-calibre employees;
- ensure that remuneration is fair and competitive with both peers and competitor employers;
- provide significant incentive to deliver superior performance (when compared to peers) against Cooper Energy's strategy and key business goals without rewarding conduct that is contrary to the Cooper Energy Values or risk appetite;
- achieve the most effective returns (employee productivity) for total employee spend; and
- ensure remuneration transparency and credibility for all employees and in particular for Executive KMP with a view to enhancing Cooper Energy's reputation and standing in the community.

Cooper Energy's policy is to pay fixed remuneration (base salary and superannuation) at the median level compared to hydrocarbon industry benchmark data and supplement this with "at risk" remuneration to bring total remuneration within the upper quartile when outstanding performance is achieved.

4.3.2 Remuneration and Nomination Committee

The Remuneration and Nomination Committee (which comprises of 3 Non-executive Directors, all of whom are independent) makes recommendations to the Board about remuneration strategies and policies for the KMP. During the reporting period (on 19 June 2019), the Board decided to separate the duties of the Remuneration and Nomination Committee and created the People and Remuneration Committee and the Nomination Committee. The People and Remuneration Committee is now responsible for making recommendations to the Board about remuneration strategies as well as strategies and policies aimed at ensuring that the Company's culture is consistent with its values. It will also consider programs related to executive development and talent management. The Nomination Committee is responsible for making recommendations to the Board about the appointment, performance and resignation of Non-executive Directors.

On an annual basis, the Committee makes recommendations to the Board about the form of payment and incentives to Executive KMP and the amount. This is done with reference to relevant employment market conditions, current industry practices and independent remuneration benchmark reports. The assessment of payments to individual Executive KMP also takes into account the annual performance reviews of the Executive KMP.

4.3.3 External remuneration advisers

The Committee may consider advice from external advisors who are engaged by and report directly to the Committee. Such advice will typically cover Non-executive Director fees, Executive KMP remuneration and advice in relation to equity plans.

The *Corporations Act 2001* requires companies to disclose specific details regarding the use of remuneration consultants. The mandatory disclosure requirements only apply to those advisors who provide a "remuneration recommendation" as defined in the *Corporations Act 2001*. The Committee did not receive any remuneration recommendations during the reporting period and all remuneration benchmarking was performed in-house against independent Australian hydrocarbon industry remuneration data.

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

4.4 2019 performance and Executive KMP pay outcomes

4.4.1 Remuneration actually delivered to Executives in 2019 (not audited)

The Company believes that reporting remuneration actually delivered to Executive KMP is useful to shareholders and provides clear and transparent disclosure of remuneration provided by the Company. The tables set out below show amounts paid to Executive KMP and the cash value of equity awards which vested during the reporting period.

This information is non-IFRS and is in addition to and different from the disclosures required by the *Corporations Act 2001* and Accounting Standards in the rest of the Remuneration Report and the tables in sections 4.7.3 and 4.7.4. The information in this section 4.4.1 is not audited.

The total benefits actually delivered during the reporting period and set out in the table below comprise several elements including:

- fixed remuneration being base salary and superannuation;
- STI cash payment made in October. This is the STI awarded for performance over the prior measurement period but actually paid within the financial year i.e. the STI paid in 2019 related to performance over the 2018 financial year and the STI paid in 2018 related to performance over the second half of the 2017 financial year (see note below);
- the market value of shares issued in December 2018 on the vesting of performance rights and share appreciation rights granted in December 2015. The market value is taken to be the share price at the date of issue of the shares;
- the value of other short term benefits including fringe benefits on accommodation, car parking and other benefits.

Executive KMP	Year	Fixed Remuneration ¹	STIP ¹	LTIP ¹	Other	Total
		\$	\$	\$	\$	\$
Mr D. Maxwell	2019	845,000	646,000	2,476,215	80,904	4,048,119
	2018	787,500	325,000	320,533	78,012	1,511,045
Mr A. Thomas	2019	437,250	152,880	885,256	5,916	1,481,302
	2018	416,250	80,000	114,592	6,382	617,224
Ms V. Suttell	2019	435,520	166,306	-	5,916	607,742
	2018	393,750	57,000	-	6,382	457,132
Ms A. Evans ²	2019	351,000	127,533	425,971	5,916	910,420
	2018	317,125	54,800	53,019	6,382	431,326
Mr I. MacDougall	2019	415,933	145,635	848,953	5,916	1,416,437
	2018	416,250	80,000	109,892	6,382	612,524
Mr E. Glavas	2019	390,000	141,703	630,939	5,916	1,168,558
	2018	366,250	70,000	74,791	6,382	517,423
Mr D. Clegg	2019	524,018	182,000	-	536	706,554
	2018	455,417	100,000	-	536	555,953
Mr M. Jacobsen ³	2019	401,342	164,535	-	536	566,413
	2018	383,683	15,000	-	536	399,219

¹Amounts above include adjustments for unpaid leave where applicable. Disclosure of realised LTIP in 2018 was the accounting fair value of rights that vested during the period. Comparatives have been revised to reflect the market value of the vested shares at the time of issue.

² Ms Evans worked part time (0.8 full time equivalent for the period 1 July 2017 to 31 January 2018; and 0.9 full time equivalent for the period 1 February 2018 to 30 June 2018) and 0.9 full time equivalent for the period 1 July 2018 to 30 June 2019. Accordingly, her entitlements are prorated.

³ Mr Jacobsen commenced employment with the Company as General Manager Projects on 1 July 2017 and the STIP shown for 2018 was a sign on bonus.

Note in relation to 2018 STIP payment STI payments are generally made in respect of performance over the financial year and actually paid in October of the next financial year. However, the STI payments which were actually paid in 2018 and which are noted above relate only to performance over the second half of the 2017 financial year (6 months). As reported in the 2017 and 2018 annual reports, this was because the acquisition of the Victorian gas assets from Santos Limited during 2017 was an extraordinary event which transformed the Company and required the STIP performance measures to be re-set as at 1 January 2017. An interim STIP award was made to employees in January 2017. This meant that the STI actually paid in 2017 related to performance over the whole of 2016 and the first half of the 2017 financial year. The STI payments made to Executive KMP detailed in the table above and paid in October 2017 (during the 2018 financial year), relate only to performance during the second half of the 2017 financial year.

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

i. Summary of performance outcomes for the year ended 30 June 2019

Remuneration	Performance Outcome
Fixed Remuneration	Total fixed remuneration expense, being base salary and superannuation for Executive KMP increased from 2018 to 2019 primarily due to an increase in the roles and responsibilities of the Executive KMP as the Company has grown in terms of number of employees, nature of operations and market capitalisation, all of which are appropriate to take into consideration when examining benchmarking data. The Managing Director's fixed remuneration was increased from 1 October 2018 to take into account the reduction of the maximum LTI award opportunity (% of fixed remuneration) from 120% to 100%.
Short Term Incentive (STI)	Company Scorecard results for the 2019 measurement period were overall between target and stretch range and not as strong as for 2018 in which stretch was attained. This was primarily due to production volumes (not revenue) being slightly below target and growth in reserves and assets lower than 2018. Individual performance reviews have not yet been undertaken, however, given that individual performance accounts for 25% of the STI weighting for the Managing Director and 30% for other Executive KMP, it is anticipated that Executive KMP will achieve a lower percentage of their maximum opportunity than that achieved in relation to the 2018 measurement period.
Long Term Incentive (LTI)	The value of LTI that vested in 2019 increased compared to 2018 due to a higher number of rights vesting because of superior performance of the shares against its peers over the measurement period. In addition, share appreciation rights (SARs) vested under the Company's EIP for the first time. SARs are more valuable than performance rights in times of high share price growth. Over the three year measurement period from 15 December 2015 to 14 December 2018, Cooper Energy's total shareholder return was 180% and it achieved a relative total shareholder return percentile rank of 87.9%. This resulted in a vesting outcome of 96.3% of all performance and share appreciation rights that were granted in 2015.

ii. Cooper Energy's five year performance

		12 months to 30 June				
		2015	2016	2017	2018	2019
Operational						
Annual production	MMboe	0.48	0.46	0.96	1.49	1.31
Proved & Probable Reserves	MMboe	3.08	3.00	11.7	52.4	52.7
TRIFR ¹	events per hours worked	4.18	0.00	1.98	4.07	0.00
Financial						
Sales revenue	\$ million	39.1	27.4	39.1	67.5	75.5
Profit after tax	\$ million	(63.5)	(34.8)	(12.3)	27.0	(12.1)
Earnings per share	cents	(19.2)	(10.1)	(1.8)	1.8	(0.7)
Total shareholder return	percent	(51.5)	(12.2)	72.7	6.0	40.3
Capital as at 30 June						
Share price	\$ per share	0.245	0.215	0.38	0.39	0.54
Market capitalisation	\$ million	81.4	93.6	433.4	616.4	875.6

¹ Total Recordable Incident Frequency Rate

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

4.4.2 STIP outcomes

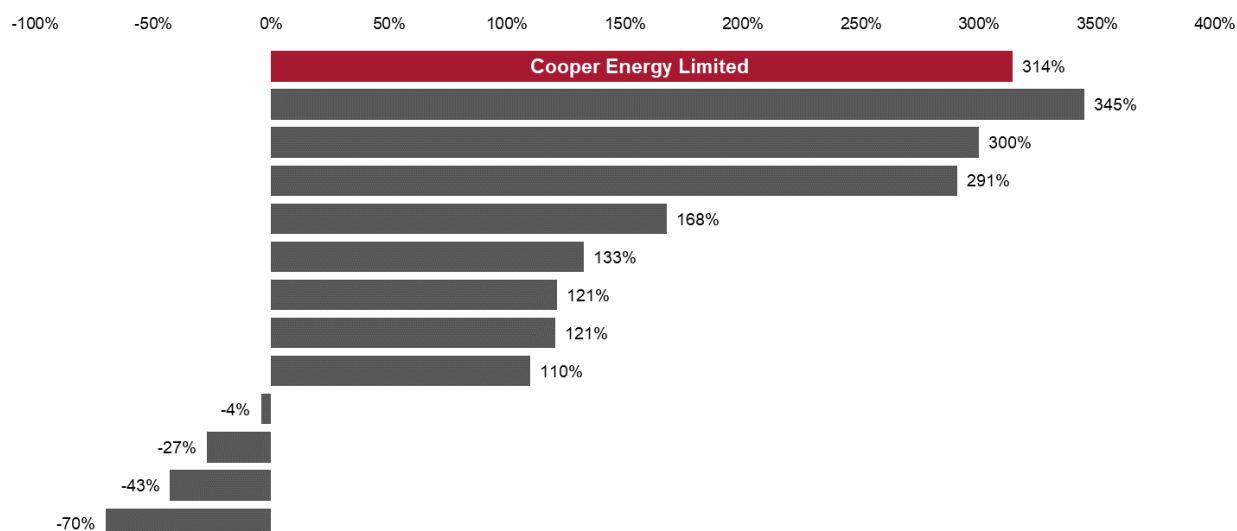
The Company Scorecard results for the reporting period ranged between Target and Stretch. The final STIP results for the reporting period, in conjunction with individual performance reviews will be determined in September and form the basis of individual STI payments in October 2019.

Performance measures in company scorecard	Weighting	Scorecard Result	Comment
HSEC	20%	Stretch	TRCFR 0.0 – below NOPSEMA average of 3.48. No environmental incidents. Community relationships enhanced.
Production and revenue (existing permits)	20%	Target	Production of 1.31 MMboe is at target guidance and increased gas and oil prices positively impacting revenue.
Major Projects & Development	20%	Target	As at 30 June 2019 the works relating to offshore construction of the Sole Gas Project were completed and was within budget. The focus is on APA's completion of the Orbest Gas Plant upgrade.
Growth in reserves and resources	20%	Target	Reserve additions have replaced production.
Key gas strategy milestones			Casino Henry gas has been contracted for 2019 at increased prices, together with new Sole contracts with AGL and Visy.
Acquisitions and divestments			No material acquisitions or divestments.
Cost management			Costs generally below budget.
Processes and risk management	20%	Stretch	Continuous improvement to risk management and processes, including planning for enterprise resource planning (ERP) system.
People and stakeholder relationships			Ongoing high level of engagement and enablement. Strong investor support and the Company added to the ASX200.

4.4.3 LTIP outcomes

The Company's total shareholder return relative to the peer group against which it was measured is set out below for the LTIP grant that vested during 2018. The base for the graph is December 2015, the time the first grant of performance rights and share appreciation rights were made under the Company's Equity Incentive Plan (EIP). Rights vested and shares were issued for the first time under this plan in December 2018. The terms of the EIP are set out in section 4.5.3.

Share Price Performance of Cooper Energy Limited Versus Peer Group- 15 December 2015 to 14 December 2018



Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

4.5 Nature of Executive KMP remuneration

Executive KMP remuneration during the reporting period consisted of:

- base salary and statutory superannuation;
- short term incentive plan (**STIP**) (performance based cash bonuses);
- other short term benefits such as accommodation, internet allowance and carparking; and
- long term incentive plan (**LTIP**) (performance rights and share appreciation rights under the Company's Equity Incentive Plan (**EIP**)).

It is the Company's policy that the performance based (or at risk) pay forms a significant portion of the Executive KMP's total remuneration. The Company aims to achieve an appropriate balance between rewarding operational performance (through the short term incentive cash bonuses) and rewarding long-term sustainable performance (through the long term incentive plan).

The Company's remuneration profile for Executive KMP is as follows:

Remuneration Element	Expressed as percentage of fixed remuneration at target level performance		Expressed as percentage of fixed remuneration at maximum (super stretch) level performance	
	Managing Director	Other Executive KMP	Managing Director	Other Executive KMP
Fixed Remuneration	100%	100%	100%	100%
STIP (at risk)	50%	25%	100%	50%
LTIP ¹ (at risk)	100%	70%	100%	70%
Total	250%	195%	300%	220%

¹ Reflects face value of LTIP at grant date however may not necessarily reflect the amount that will ultimately vest and be exercised.

4.5.1 Fixed Remuneration

Fixed Remuneration includes base salary (paid in cash) and statutory superannuation.

Executives are paid base salaries which are competitive in the markets in which the Company operates and are consistent with the responsibilities, accountabilities and complexities of the respective roles.

The Company benchmarks Executive KMP base salaries against hydrocarbon industry market surveys which are published annually. Additionally, the pay levels of Executive positions in the Company may be benchmarked against national market executive remuneration surveys. It is the Company's policy to position itself at the median level of the market when benchmarking base salaries.

4.5.2 Short term incentive plan (STIP) - Overview

The key features of the STIP for the financial year 2019 are set out in the following table:

Plan Feature	Details
What is the purpose of the STIP?	The STIP is designed to motivate and reward Executive KMP for their contribution to the annual performance of the Company.
How does the STIP align with the interests of Cooper Energy's shareholders?	The STIP is aligned to shareholder interests by encouraging Executive KMP to achieve operational and business milestones in a balanced and sustainable manner.
What is the vehicle of the STIP award?	The STIP award is delivered in the form of a cash payment.
What is the maximum award opportunity (% of fixed remuneration)?	Managing Director 100% Other Executive KMP 50%
What is the performance period?	Each year, the Board reviews and approves the performance criteria for the year ahead by approving a Company scorecard and individual performance contracts are agreed with each Executive KMP. The Company's STIP operates over a 12 month performance period from 1 July to 30 June.

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

Plan Feature	Details
How are the performance measures determined and what are their relative weightings?	<p>The measurement of Company performance is based on the achievement of key performance indicators (KPIs) set out in a Company scorecard. See section 4.4.2 for the Company scorecard measures used for the 2019 financial year. The KPIs focus on the core elements the Board believes are needed to successfully deliver the Company strategy and maximise sustainable shareholder returns. For each KPI in the scorecard, a base or threshold performance level is established as well as a target, stretch and super stretch (i.e maximum).</p> <p>Personal performance measures are agreed between each Executive KMP and Cooper Energy each year. These relate to the individuals' performance in achieving things such as business unit objectives, promotion of the Cooper Energy Values and identified areas for development.</p> <p>The relative weighting of Company scorecard and individual performance is as follows:</p> <ul style="list-style-type: none"> Managing Director: 75% Company: 25% individual Executives 70% Company; 30% individual <p>Performance measures are challenging, and maximum award opportunities are only achieved by outstanding performance. 50% of the maximum award opportunity will be awarded if the Company meets target level performance. Target level KPIs are set at a challenging and achievable level of performance (and not at the base level of performance). 0% STIP will be awarded for base level achievement.</p> <p>0% STIP will be awarded if during any measurement period the Company sustains a fatality or major environmental incident.</p> <p>Irrespective of the scorecard outcome, payment of any STIP is entirely at the discretion of the Board.</p>
When are STIP payments made?	STIP payments, are generally made in October each year.

4.5.3 Long term incentive plan (LTIP) - Overview

In the reporting period, the LTIP involved grants of performance rights and share appreciation rights under the Equity Incentive Plan approved by shareholders at the 2018 AGM (EIP). The key features of the grants made in the 2019 financial year (granted December 2018) are set out in the following table:

Plan Feature	Details
What is the purpose of the LTIP?	The Company believes that encouraging its employees, including Executive KMP, to become shareholders is the best way of aligning their interests with those of the Company's shareholders. Having a LTIP is also intended to be a retention incentive for employees (with a vesting period of at least three years before securities under the plan are available to employees).
How is the LTIP aligned to shareholder interests?	Employees only benefit from the LTIP when there is sustained superior share price performance of the Company compared to relevant peer group companies. This aligns the LTIP with the interests of shareholders.
What is the vehicle of the LTIP?	<p>During the reporting period, the LTIP involved grants of 50% Performance Rights and 50% Share Appreciation Rights (SARs).</p> <p>A performance right is a right to acquire one fully paid share in the Company provided a specified hurdle is met.</p> <p>Share Appreciation Rights (SARs) are rights to acquire shares in the Company to the value of the difference in the Company share price between the grant date and vesting date.</p>

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

Plan Feature	Details						
What is the maximum award opportunity (% of fixed remuneration)?	<table> <tr> <td>Managing Director</td><td>100%</td></tr> <tr> <td>Executive KMP</td><td>70%</td></tr> <tr> <td>Senior staff</td><td>50%</td></tr> </table>	Managing Director	100%	Executive KMP	70%	Senior staff	50%
Managing Director	100%						
Executive KMP	70%						
Senior staff	50%						
What is the performance period?	<p>The performance period is three years.</p> <p>Grants in years prior to the 2019 financial year allowed for re-testing 12 months following the end of the performance period. A re-test was considered appropriate because the Company's growth has been dependent on development of projects that have generally taken greater than three years from conception to start-up. Given the growth of the Company, including its development activities the Company will no longer be reliant on single projects, such as the Sole development. As a consequence, the Board determined that re-testing would not form part of the terms of the Incentives for future grants.</p>						
What are the performance measures?	<p>100% of the grant (both performance rights and SARs) is subject to a relative total shareholder return performance (RTSR) measure. RTSR is a common LTI measure across ASX-listed companies and is aligned with shareholder returns. Relative measures ensure that maximum incentives are only achieved if Cooper Energy's performance exceeds that of its peers and therefore supports competitive returns against other comparable organisations.</p> <p>In addition to the RTSR performance measure set by the Board, SARs by their nature also have a natural absolute total shareholder return measure. No SARs will be exercisable unless the share price appreciates over the measurement period.</p>						
What is the vesting schedule?	<p>The level of vesting will be determined based on the ranking against the comparator Group of companies in accordance with the following schedule:</p> <ul style="list-style-type: none"> below the 50th percentile no rights vest at the 50th percentile 30% of the rights vest between the 50th percentile and 90th percentile pro rata vesting at the 90th percentile or above, 100% of the rights will vest. <p>The vesting schedule reflects the Board's requirement that performance measures are challenging, and maximum award opportunities are only achieved by outstanding performance.</p>						
Which companies make up the Relative TSR peer group?	<p>The RTSR of the Company is measured as a percentile ranking compared to the following comparator Group of 12 listed entities: Woodside Petroleum Limited; Oil Search Limited; Santos Limited; Beach Energy Limited; Senex Energy Limited; Karoon Gas Limited; FAR Limited; Sundance Energy Limited; Buru Energy Limited; Carnarvon Petroleum Limited; Strike Energy Limited; Horizon Oil Limited.</p> <p>The peer group was based on a group of ASX-listed companies in the oil and gas sector, with Australian operations and a range of market capitalisation.</p>						
What happens on cessation of employment?	<p>Generally, if an employee ceases employment prior to the vesting date (e.g. to take a position with another company), they will forfeit all awards. Exceptional circumstances may be approved by the Board in the event of redundancy, retirement or incapacity, and may result in a pro-rated number of awards being retained.</p>						
What happens if there is a change of control?	<p>In the event of a change of control, the Board has the discretion to approve pro-rata vesting based on service and performance.</p>						
Who can participate in the LTIP?	<p>Eligibility is generally restricted to Executive KMP and other senior staff who are in a position to influence shareholder value the most.</p>						
Is there a cap on dilution?	<p>5% total on issue (excluding KMP).</p>						
Will the Company make any changes to the LTIP for the grant to be made in the 2020 financial year?	<p>It is not anticipated that the general structure of the LTIP will change for grants made in the 2020 financial year however, the Board will continue to review the appropriateness of the performance measures as the Company transitions from development to gas production and sale.</p>						

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

4.5.4 Executive KMP employment contracts

Mr David Maxwell – Managing Director

Mr Maxwell commenced as Managing Director on 12 October 2011 under a contract of employment. The initial term of the Managing Director's contract expired on 10 October 2014 and was renewed to end on 31 July 2019. On 1 August 2018 Mr Maxwell's contract of employment was amended to remove the fixed term and therefore the contract must be terminated in accordance with the notice provisions in the contract of employment.

The Company may terminate the contract by providing twelve months written notice or payment in lieu of notice. The Company may also terminate the contract immediately for cause. Mr Maxwell may terminate the contract by providing six months' written notice.

Deed of indemnity

The Company also entered into a deed of indemnity, insurance and access with the Managing Director under which the Company will, on the terms set out in the deed, provide an indemnity, maintain an appropriate level of Directors' and Officers' indemnity insurance and provide access to Company records.

Other Executive KMP

The Company has entered into a contract of employment with each Executive KMP. The term of each contract continues until termination. The Company may terminate the contract by providing six months' notice or payment in lieu of notice. The Company may also terminate the contract immediately for cause. The Executive may terminate the contract by providing three months' written notice.

4.6 Nature of Non-executive Director remuneration

Non-executive Directors are remunerated solely by way of fees and statutory superannuation. Their remuneration is reviewed annually to ensure that the fees reflect their responsibilities and the demands placed on them. Non-executive Directors do not receive any performance related remuneration.

The maximum aggregate remuneration pool for Non-executive Directors, as approved by shareholders at the Company's 2018 Annual General Meeting, is \$1.25 million.

The Non-executive Directors' fee structure for the reporting period was as follows:

	Board	Audit Committee	Risk & Sustainability Committee	Remuneration & Nomination Committee
Chairman*	\$210,000	\$20,000	\$20,000	\$20,000
Member	\$100,000	\$10,000	\$10,000	\$10,000

* Where the Chairman of the Board is a member of a committee he will not receive any additional committee fees.

Remuneration paid to the Non-executive Directors for the reporting period and for the previous reporting period is shown in the table in Section 4.7.3

The Company has entered into written letters of appointment with its Non-executive Directors. The term of the appointment of a Non-executive Director is determined in accordance with the Company's Constitution and is subject to the provisions of the Constitution dealing with retirement, re-election and removal of Non-executive Directors. The Constitution provides that all Non-executive Directors of the Company are subject to re-election by shareholders by rotation every three years.

The Company has entered into deeds of indemnity, insurance and access with each of the Non-executive Directors under which the Company will, on the terms set out in the deed, provide an indemnity, maintain an appropriate level of Directors' and Officers' indemnity insurance and provide access to Company records.

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

4.7 Statutory remuneration disclosures

4.7.1 Accounting for performance rights

The value of the performance rights issued under the EIP is recognised as Share Based Payments in the Company's statement of comprehensive income and amortised over the vesting period. Performance rights and share appreciation rights were granted under the EIP on 12 December 2018. The performance rights and share appreciation rights were granted for no consideration and the employee received no cash benefit at the time of receiving the rights. The cash benefit will be received by the employee following the sale of the resultant shares, which can only be achieved after the rights have been vested and the shares are issued.

Performance rights and share appreciation rights granted under the EIP were valued by an independent consultant who applied the Monte Carlo simulation model to determine the probability of achievement of the relative shareholder total return (RSTR) against performance conditions (as described in Section 4.5 above).

The value of performance rights and share appreciation rights shown in the tables below are the accounting fair values for grants in the reporting period:

	Performance Rights (EIP)				Share Appreciation Rights (EIP)			
	No. of rights granted during period	Fair value of rights at grant date	No. of rights vested during period	% of rights vested to 30 June 2019	No. of rights granted during period	Fair value of rights at grant date	No. of rights vested during period	% of rights vested to 30 June 2019
Directors								
Mr D. Maxwell	940,919	282,276	2,146,113	36%	2,562,574	371,573	6,057,580	38%
Executives								
Mr A. Thomas	339,277	101,783	767,243	37%	924,016	133,982	2,165,605	39%
Ms V. Suttell	344,638	103,391	-	-	938,617	136,099	-	-
Ms A. Evans	272,264	81,679	369,185	29%	741,507	107,519	1,042,056	31%
Mr I. MacDougall	333,150	99,945	735,780	37%	907,330	131,563	2,076,798	39%
Mr E. Glavas	302,516	90,755	546,829	34%	823,897	119,465	1,543,471	36%
Mr D. Clegg	402,078	120,623	-	-	1,095,053	158,783	-	-
Mr M. Jacobsen	333,150	99,945	-	-	907,330	131,563	-	-

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

The vesting date of the performance rights granted on 12 December 2018 is 12 December 2021. The fair value of these rights is \$0.30 per right. These performance rights have a commencement date of 12 December 2018.

The vesting date of the share appreciation rights granted on 12 December 2018 is 12 December 2021. The fair value of these rights is \$0.145 per right. These share appreciation rights have a commencement date of 12 December 2018.

4.7.2 Additional remuneration disclosures

Movement in performance rights

The movement during the reporting period in the number of performance rights granted but not exercisable over ordinary shares in Cooper Energy held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

Performance Rights (EIP)	Held at 1 July 2018	Granted	Lapsed	Vested & Exercised	Held at 30 June 2019
Directors					
Mr D. Maxwell	5,036,541	940,919	-	2,146,113	3,831,347
Mr H. Gordon ¹	987,364	-	-	621,915	365,449
Executives					
Mr A. Thomas	1,717,072	339,277	-	767,243	1,289,106
Ms V. Suttell	487,101	344,638	-	-	831,739
Ms A. Evans	998,245	272,264	-	369,185	901,324
Mr I. MacDougall	1,667,120	333,150	-	735,780	1,264,490
Mr E. Glavas	1,313,677	302,516	-	546,829	1,069,364
Mr D. Clegg	594,025	402,078	-	-	996,103
Mr M. Jacobsen	498,981	333,150	-	-	832,131

¹ Performance Rights were granted to Mr Gordon when he was an Executive Director.

Share Appreciation Rights (EIP)	Held at 1 July 2018	Granted	Lapsed	Vested & Exercised ²	Held at 30 June 2019
Directors					
Mr D. Maxwell	13,426,625	2,562,574	-	6,057,580	9,931,619
Mr H. Gordon ¹	2,705,027	-	-	1,755,404	949,623
Executives					
Mr A. Thomas	4,590,331	924,016	-	2,165,605	3,348,742
Ms V. Suttell	1,223,358	938,617	-	-	2,161,975
Ms A. Evans	2,641,614	741,507	-	1,042,056	2,341,065
Mr I. MacDougall	4,453,481	907,330	-	2,076,798	3,284,013
Mr E. Glavas	3,497,369	823,897	-	1,543,471	2,777,795
Mr D. Clegg	1,491,901	1,095,053	-	-	2,586,954
Mr M. Jacobsen	1,253,196	907,330	-	-	2,160,526

¹ Share Appreciation Rights were granted to Mr Gordon when he was an Executive Director.

² Share Appreciation Rights represent the right to receive a quantity of shares based on an amount equal to the difference in share price from grant date to test date.

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

Movement in shares

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

	Held at 1 July 2018	Purchases	Received on vesting of performance rights	Sales	Held at 30 June 2019
Directors					
Mr J. Conde AO	859,093	-	-	-	859,093
Mr D. Maxwell	11,377,332	-	6,039,549	-	17,416,881
Ms E. Donaghey	-	160,000	-	-	160,000
Mr H. Gordon	1,043,601	-	1,750,180	120,000	2,673,781
Mr J. Schneider	1,016,594	-	-	-	1,016,594
Ms A. Williams	166,094	13,350	-	-	179,444
Executives					
Mr A. Thomas	2,169,810	-	2,159,160	-	4,328,970
Ms V. Suttell	40,600	-	-	-	40,600
Ms A. Evans	782,427	-	1,038,954	-	1,821,381
Mr I. MacDougall ¹	606,541	-	2,070,616	-	2,677,157
Mr E. Glavas	286,589	22,470	1,538,876	135,530	1,712,405
Mr D. Clegg	135,000	-	-	-	135,000
Mr M. Jacobsen	-	-	-	-	-

¹ The 2018 Remuneration Report noted Mr I. MacDougall held 1,062,146 shares at 30 June 2018. This amount included shares held by a party no longer related and hence has been removed from the above table.

Options

No options were issued (or forfeited) during the year.

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

4.7.3 Table of Directors' remuneration for 2019 and 2018 financial years

		Benefits					Share Based Remuneration ^d	Total
		Short-term			Long Term	Post Employment		
		Base salary & Fees	STIP ^a	Other Short Term Benefits ^b	Long Service Leave	Superannuation ^c	LTIP	
Directors		\$	\$	\$	\$	\$	\$	\$
Mr J. Conde AO	2019	191,781	-	-	-	18,219	-	210,000
	2018	191,781	-	-	-	18,219	-	210,000
Mr D. Maxwell	2019	824,469	622,946	80,904	34,796	20,531	739,175	2,322,821
	2018	767,451	667,186	78,012	29,253	20,049	684,776	2,246,727
Ms E. Donaghey ^e	2019	91,324	-	-	-	8,875	-	100,199
	2018	2,101	-	-	-	200	-	2,301
Mr H. Gordon ^f	2019	118,722	-	-	-	11,278	93,091	223,091
	2018	118,722	23,861	-	-	18,689	149,283	310,555
Mr J. Schneider	2019	118,722	-	-	-	11,279	-	130,001
	2018	118,722	-	-	-	11,279	-	130,001
Ms A. Williams	2019	118,722	-	-	-	11,279	-	130,001
	2018	118,722	-	-	-	11,279	-	130,001

- a) The STIP values noted for 2019 exclude accrued on-costs as these do not represent a benefit to Directors and Executives however 2018 remains consistent to that disclosed in the prior period. The STIP values noted for 2019 are an estimate as final performance has not yet been determined.
- b) Other short term benefits include fringe benefits on accommodation, car parking and other benefits.
- c) Superannuation includes the amounts required to be contributed by the Company and does not include amounts salary sacrificed.
- d) In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the value of the equity-linked compensation determined as at the grant date of the performance rights and progressively expensed over the vesting period. The amount allocated as remuneration is not relative to or indicative of the actual benefit (if any) that may ultimately be realised should the equity instruments vest. The value of the performance rights was determined in accordance with AASB 2 Share-based Payments and is discussed in Section 4.7.1 above and in more detail in Note 26 of the Notes to the Financial Statements.
- e) Ms Donaghey was appointed a Non-executive Director of the Company effective from 25 June 2018.
- f) Performance rights and share appreciation rights were granted to Mr Gordon when he was an Executive Director.

Directors' Statutory Report

For the year ended 30 June 2019

4. Remuneration Report continued

4.7.4 Table of Executives' remuneration for 2019 and 2018 financial years

		Benefits					Share Based Remuneration ^d	Total
		Short-term			Long-term	Post Employment		
		Base salary	STIP ^a	Other Short-term Benefits ^b	Long Service Leave	Superannuation ^c	LTIP	
Executives		\$	\$	\$	\$	\$	\$	\$
Mr A. Thomas	2019	416,719	145,374	5,916	16,358	20,531	249,745	854,643
	2018	396,201	161,569	6,382	12,825	20,049	236,115	833,141
Ms V. Suttell	2019	414,989	164,023	5,916	-	20,531	133,503	738,962
	2018	373,701	175,493	6,382	-	20,049	50,713	626,338
Ms A. Evans ^e	2019	330,469	121,362	5,916	12,472	20,531	166,114	656,864
	2018	297,076	133,698	6,382	20,916	20,049	132,709	610,830
Mr I. MacDougall	2019	395,402	135,829	5,916	14,303	20,531	244,208	816,189
	2018	396,201	161,569	6,382	11,780	20,049	281,444	877,425
Mr E. Glavas	2019	369,469	134,847	5,916	13,548	20,531	202,241	746,552
	2018	346,201	145,673	6,382	34,033	20,049	177,141	729,479
Mr D. Clegg	2019	503,487	172,380	536	-	20,531	160,349	857,283
	2018	435,368	249,958	536	-	20,049	61,844	767,755
Mr M. Jacobsen ^f	2019	380,811	154,729	536	13,730	20,531	134,073	704,410
	2018	363,634	149,869	536	-	20,049	51,949	586,037

a) The STIP values noted for 2019 exclude accrued on-costs as these do not represent a benefit to Directors and Executives however 2018 remains consistent to that disclosed in the prior period. The STIP values noted for 2019 are an estimate as final performance has not yet been determined.

b) Other short term benefits include fringe benefits on accommodation, car parking and other benefits.

c) Superannuation includes the amounts required to be contributed by the Company and does not include amounts salary sacrificed.

d) In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the value of the equity-linked compensation determined as at the grant date of the performance rights and progressively expensed over the vesting period. The amount allocated as remuneration is not relative to or indicative of the actual benefit (if any) that may ultimately be realised should the equity instruments vest. The value of the performance rights was determined in accordance with AASB 2 Share-based Payments and is discussed in Section 4.11 above and in more detail in Note 26 of the Notes to the Financial Statements.

e) Ms Evans worked part time (0.8 full time equivalent for the period 1 July 2017 to 31 January 2018; and 0.9 full time equivalent for the period 1 February 2018 to 30 June 2018) and 0.9 full time equivalent for the period 1 July 2018 to 30 June 2019. Accordingly her entitlements are prorated.

f) Mr Jacobsen commenced employment with the Company as General Manager Projects on 1 July 2017.

End of remuneration report.

Directors' Statutory Report

For the year ended 30 June 2019

5. Principal activities

Cooper Energy 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 year.

6. Operating and Financial Review

Information on the operations and financial position of Cooper Energy and its business strategies and prospects is set out in the Operating and Financial Review.

7. 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.

8. Environmental regulation

The Company is a party to various production, exploration and development licences or permits. In most cases, the licence or permit terms 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 or permits.

9. Likely developments

Other than disclosed elsewhere in the Financial Report (including the Operating and Financial Review under the heading "Outlook"), 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.

10. 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:

	Ordinary Shares	Performance Rights	Share Appreciation Rights
Mr J. Conde AO	859,093	Nil	Nil
Mr D. Maxwell	17,416,881	3,831,347	9,931,619
Ms E. Donaghey	160,000	Nil	Nil
Mr H. Gordon	2,673,781	365,449	949,623
Mr J. Schneider	1,016,594	Nil	Nil
Ms A. Williams	179,444	Nil	Nil

11. Share options and rights

At the date of this report, there are no unissued ordinary shares of the parent entity under option.

At the date of this report, there are 15,464,897 outstanding performance rights and 39,756,951 share appreciation rights under the Equity Incentive Plan approved by shareholders at the 2018 AGM.

During the financial year 19,682,053 shares were issued as a result of performance rights exercised. At the date of this report, no performance rights have vested and been exercised subsequent to 30 June 2019.

12. Events after financial reporting date

Refer to Note 29 of the Notes to the Financial Statements.

13. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of the proceedings.

Directors' Statutory Report

For the year ended 30 June 2019

14. Indemnification and insurance of directors and officers

14.1 Indemnification

The parent entity has agreed to indemnify the current Directors and past Directors of the parent entity and of the subsidiaries, where applicable, 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.

14.2 Insurance premiums

During the financial year, the parent entity has paid insurance premiums 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. Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount) except in the case where the claim arises because of Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the financial year.

16. Auditor's independence declaration

The auditor's independence declaration is set out on page 83 and forms part of the Directors' report for the financial year ended 30 June 2019.

17. Non-audit services

The amounts paid and payable to the auditor of the Group, Ernst & Young and its related practices for non-audit services provided during the year was \$193,650 (2018: \$172,187). The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

18. Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Legislative Instrument, 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 John C Conde AO
Chairman



Mr David P Maxwell
Managing Director

Dated at Adelaide 12 August 2019

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 \$'000	2018 (Restated) \$'000
Revenue from oil and gas sales	2	75,543	67,452
Cost of sales	2	(43,866)	(38,464)
Gross profit		31,677	28,988
Other income	2	796	22,818
Other expenses	2	(44,126)	(22,057)
Finance income	18	3,398	4,049
Finance costs	18	(4,972)	(2,779)
(Loss)/Profit before tax		(13,227)	31,019
Income tax benefit	3	10,040	4,781
Petroleum Resource Rent Tax expense	3	(8,864)	(8,789)
Total tax benefit/(expense)		1,176	(4,008)
(Loss)/Profit after tax for the period attributable to shareholders		(12,051)	27,011
Other comprehensive income/(expenditure)			
Items that will be reclassified subsequently to profit or loss			
Fair value movements on oil price options accounted for in a hedge relationship		-	258
Fair value movements on interest rate swaps accounted for in a hedge relationship	21	(1,277)	(481)
Reclassification during the period to profit or loss of realised hedge settlements	21	-	280
Income tax effect on fair value movement on derivative financial instrument	21	383	92
Items that will not be reclassified subsequently to profit or loss			
Fair value movement on equity instruments at fair value through other comprehensive income	19	(989)	1,230
Other comprehensive (expenditure)/income for the period net of tax		(1,883)	1,379
Total comprehensive (loss)/gain for the period attributable to shareholders		(13,934)	28,390
		Cents	Cents
Basic (loss)/earnings per share	4	(0.7)	1.8
Diluted (loss)/earnings per share	4	(0.7)	1.8

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

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Assets			
Current Assets			
Cash and cash equivalents	5	164,289	236,907
Other financial assets	20	-	20,171
Trade and other receivables	6	21,169	27,330
Prepayments	7	3,346	2,761
Inventory	8	426	467
Total Current Assets		189,230	287,636
Non-Current Assets			
Term deposits at bank	5	-	16
Trade and other receivables	6	-	156
Other financial assets	20	21,740	22,387
Property, plant and equipment	10	4,580	2,864
Intangible assets	11	36	-
Exploration and evaluation assets	12	152,268	98,732
Oil and gas assets	13	613,198	394,632
Deferred tax asset	3	20,757	10,334
Total Non-Current Assets		812,579	529,121
Total Assets		1,001,809	816,757
Liabilities			
Current Liabilities			
Trade and other payables	9	44,533	59,215
Provisions	15	11,131	73,812
Other financial liabilities	20	1,758	591
Total Current Liabilities		57,422	133,618
Non-Current Liabilities			
Provisions	15	276,789	106,680
Government grants	16	430	2,067
Interest bearing loans and borrowings	17	213,680	116,923
Other financial liabilities	20	3,482	3,231
Deferred Petroleum Resource Rent Tax Liability	3	16,293	10,356
Total Non-Current Liabilities		510,674	239,257
Total Liabilities		568,096	372,875
Net Assets		433,713	443,882
Equity			
Contributed equity	19	474,397	471,837
Reserves	19	9,247	9,925
Accumulated losses	19	(49,931)	(37,880)
Total Equity		433,713	443,882

The above Consolidated 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 2019

	Notes	Issued Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 July 2018		471,837	9,925	(37,880)	443,882
Loss for the period		-	-	(12,051)	(12,051)
Other comprehensive expenditure		-	(1,883)	-	(1,883)
Total comprehensive loss for the period		-	(1,883)	(12,051)	(13,934)
Transactions with owners in their capacity as owners:					
Share based payments	19	-	3,422	-	3,422
Transferred to issued capital	19	2,217	(2,217)	-	-
Shares issued	19	343	-	-	343
Balance as at 30 June 2019		474,397	9,247	(49,931)	433,713
Balance at 1 July 2017		343,161	6,777	(64,891)	285,047
Profit for the period		-	-	27,011	27,011
Other comprehensive income		-	1,379	-	1,379
Total comprehensive gain for the period		-	1,379	27,011	28,390
Transactions with owners in their capacity as owners:					
Share based payments	19	-	2,642	-	2,642
Transferred to issued capital	19	873	(873)	-	-
Shares issued	19	127,803	-	-	127,803
Balance as at 30 June 2018		471,837	9,925	(37,880)	443,882

The above Consolidated 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 2019

	Notes	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Receipts from customers		79,873	65,065
Payments to suppliers and employees		(44,510)	(27,521)
Payments of exit provision		(3,133)	-
Payments for restoration		(14,348)	(12,413)
Petroleum Resource Rent Tax paid		(530)	(6,706)
Interest received		3,152	3,793
Net cash from operating activities	5	20,504	22,218
Cash Flows from Investing Activities			
Transfers to term deposits		16	25
Transfers from/(to) escrow proceeds receivable		20,571	(40,171)
Payments for property, plant and equipment		(2,607)	(1,595)
Receipts from disposal of property, plant and equipment		-	41,847
Payments of contingent consideration		-	(20,000)
Payments of consideration		-	(1,000)
Receipts for assumption of rehabilitation provisions		-	48,082
Receipts from sale of subsidiary		-	739
Receipts of consideration receivable		894	-
Payments for exploration and evaluation		(11,962)	(26,283)
Payments for oil and gas assets		(180,010)	(170,581)
Interest paid		(11,015)	(4,597)
Net cash flows used in investing activities		(184,113)	(173,534)
Cash Flows from Financing Activities			
Proceeds from equity issue		-	127,228
Proceeds from borrowings	5	92,290	125,865
Transaction costs associated with borrowings		(1,559)	(12,295)
Net cash flow from financing activities		90,731	240,798
Net (decrease)/increase in cash held		(72,878)	89,482
Net foreign exchange differences		260	-
Cash and cash equivalents at 1 July		236,907	147,425
Cash and cash equivalents at 30 June	5	164,289	236,907

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

Corporate information

The consolidated financial report of Cooper Energy Limited and its controlled entities ("Cooper Energy" or "the Group") for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 12 August 2019. Cooper Energy Limited is a for profit company limited by shares incorporated and domiciled 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 the Directors' Statutory Report and Note 1.

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*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report has also been prepared on a historical cost basis, except for equity instruments measured at fair value through other comprehensive income and derivative financial instruments measured at fair value. Cooper Energy Limited is a for profit Group.

The financial report is presented in Australian dollars and under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

Australian Dollars is the functional currency of Cooper Energy Limited and all of its subsidiaries. Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange ruling at that date. Exchange differences in the consolidated financial statements are taken to the income statement.

Basis of consolidation

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

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. 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 the Group gains control of the subsidiary and cease to be consolidated from the date on which the Group ceases to control the subsidiary.

Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Judgements, estimates and assumptions which are material to specific notes of the financial statements are below:

Note 3	Income tax	Note 15	Provisions
Note 13	Oil and gas assets	Note 22	Interests in joint arrangements
Note 14	Impairment	Note 26	Share based payments

Judgements, estimates and assumptions which are material to the overall financial statements are below:

Significant Accounting Judgements, Estimates and Assumptions

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 qualified petroleum reserves and resources evaluators in accordance with the ASX Listing Rules and the Group's Hydrocarbon Guidelines (www.cooperenergy.com.au/our-company/corporate-governance-and-policies/hydrocarbon-reporting-policy). 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.

New accounting standards and interpretations

New standards, interpretations and amendments thereof, adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the 2019 financial year. As at 1 July 2015, Cooper Energy early adopted AASB 9 Financial Instruments (2014). The impact for Cooper Energy has been outlined in Note 23 of the 2016 Financial Statements. The Group's accounting policies are consistent with those of the previous financial year except for new policies adopted from 1 July 2018.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 Revenue from Contracts with Customers, which replaces AASB 118 Revenue and related Interpretations, from 1 July 2018. In accordance with the transition provisions of AASB 15 Revenue from Contracts with Customers, the Group has elected to adopt the full retrospective approach upon transition whereby any adjustment to historical revenue transactions (that impacts net profit) would be recorded against opening retained earnings as at 1 July 2017. Comparatives for the 30 June 2018 reporting period have been restated.

As part of the transition to the new standard the Group has undertaken a detailed review of its revenue contracts that existed during the transition period and has also reviewed the accounting treatment for the disposal of property, plant & equipment and producing assets in the prior year. This is because AASB 15 also makes consequential amendments to AASB 116 Property, Plant & Equipment, which may impact on the date of disposal and the amount of consideration included in the gain or loss arising from the de-recognition. This review has concluded there are no impacts to net profit or opening retained earnings.

The application of AASB 15 has resulted in the disclosure of the individual components of revenue. Revenue from contracts with customers are now shown separately from other forms of revenue in Note 2, with total revenue remaining on the face of the Consolidated Statement of Comprehensive Income. To allow the distinction between revenue from operations and interest accrued on cash and short-term deposits, interest earned has been reclassified from Other revenue to Finance income on the face of the statement of comprehensive income. The application of AASB 15 has resulted in revised classification outlined below and as detailed in Note 2. The transition adjustments are primarily due to reclassification of the provisional pricing on crude oil sales and the settlement of commodity price options. Revenue from contracts with customers is recognised based on the provisional pricing at the date of delivery, with the price estimate based on the forward curve. The difference between the estimated price and the price ultimately achieved for the sale of the crude oil transaction is recognised as a movement in the fair value of the receivable in accordance with AASB 9. A summary of the reclassification adjustments made is set out in the table below.

	30 June 2018 \$'000	Transition adjustment	30 June 2018 (Restated) \$'000
<i>Revenue from contracts with customers</i>			
Oil revenue from contracts with customers	26,602	(4,342)	22,260
Gas revenue from contracts with customers	40,850	-	40,850
Total revenue from contracts with customers	67,452	(4,342)	63,110
<i>Other revenue</i>			
Fair value movement on receivables	-	4,622	4,622
Settlement of commodity price options	-	(280)	(280)
Total other revenue	-	4,342	4,342
Total revenue from oil and gas sales	67,452	-	67,452

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

Accounting standards and interpretations issued but not yet effective

The accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2019, are outlined below:

AASB 16	Leases						
Summary	<p>AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.</p> <p>Under AASB 16 Leases, a lessee is required to recognise a right-of-use asset representing its right to use the underlying asset and lease liabilities for all leases with a term of more than 12 months. At the commencement date of a lease, the lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is depreciated and recognised in the consolidated statement of financial performance together with the interest on the lease liability.</p> <p>There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains substantially the same as the current standard – i.e. lessors continue to classify leases as finance or operating leases.</p>						
Application Date of the Standard	1 January 2019						
Application Date for Group	1 July 2019						
Impact on Consolidated Financial Statements	<p>The standard will impact the accounting for the Group's operating leases. A detailed review of AASB 16 was undertaken by subject matter experts to identify all leases and embedded leases and quantify the impact of the Group's leasing arrangements. The Group expects to apply the modified retrospective transition approach, measuring the right of use asset as equal to the lease liability, with the cumulative effect of adopting AASB 16 recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.</p> <p>The Group estimates the following impact on its Consolidated Statement of Financial Position at 1 July 2019:</p> <table> <tr> <td></td><td style="text-align: right;">\$'000</td></tr> <tr> <td>Assets: Right-of-use assets</td><td style="text-align: right;">9,378</td></tr> <tr> <td>Liabilities: Lease Liabilities</td><td style="text-align: right;">(9,378)</td></tr> </table> <p>The Group does not expect the adoption of AASB 16 to impact its ability to comply with debt covenants.</p>		\$'000	Assets: Right-of-use assets	9,378	Liabilities: Lease Liabilities	(9,378)
	\$'000						
Assets: Right-of-use assets	9,378						
Liabilities: Lease Liabilities	(9,378)						
Orbost Gas Plant	<p>Under AASB 16, the Group will recognise a right of use asset and corresponding lease liability in relation to the Orbost Gas Plant. The Sole Gas Processing Agreement creates a right-of-use asset and will be recognised at an amount equal to the corresponding lease liability. The Group will recognise a right of use asset and lease liability under AASB 16 for the Orbost Gas Plant at the date the underlying asset is available for use. The Group currently expects the agreement, which was signed prior to 1 July 2019, to result in a right of use asset and lease liability of approximately between \$260 million to \$290 million based on current information, with recognition to occur in the 2020 financial year once the asset is available for use. The right of use asset and lease liability is dependent on a number of factors that will be known at the time the asset is available for use.</p> <p>AASB 16 requires that the lessee's rate implicit in the lease arrangement be used to measure the present value of the lease liability. In determining the discount rate applicable to the Orbost Gas Plant lease liability, the Group will use the interest rate implicit in the lease.</p> <p>The Group will recognise a depreciation expense and interest expense from the date the underlying asset is available for use.</p> <p>The AASB 16 charge is calculated based on the fixed payments required under the agreements. The variable charges based on volumes of gas processed do not form part of the lease liability and will be recognised as production costs as incurred.</p>						

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

AASB Interpretation 23

Uncertainty over Income Tax Treatments

Summary	<p>The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:</p> <ul style="list-style-type: none"> • Whether an entity considers uncertain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • How an entity considers changes in facts and circumstances.
Application Date of the Standard	1 January 2019
Application Date for Group	1 July 2019
Impact on Consolidated Financial Statements	The adoption of this standard is not expected to have a material impact on the Group.

Notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. They include applicable accounting policies applied and significant judgements, estimates and assumptions made. Specific accounting policies are disclosed in the respective notes to the financial statements.

The notes are organised into the following sections:

Group performance	Provides additional information regarding financial statement lines that are most relevant to explaining the Group's performance during the period.
Working capital	Provides additional information regarding financial statement lines that are most relevant to explaining the assets used to generate the Group's trading performance during the period.
Capital employed	Provides additional information regarding financial statement lines that are most relevant to explaining the capital investments made that allows the Group to generate its operating result during the period and liabilities incurred as a result.
Funding and risk management	Provides additional information regarding financial statement lines that are most relevant to explaining the Group's funding sources. This section also provides information relating to the Group's exposure to various financial risks, its impact on the financial position and performance of the Group and how these risks are managed.
Group structure	Summarises how the group structure affects the financial position and performance of the Group as a whole.
Other information	Includes other information that is disclosed to comply with relevant accounting standards and other pronouncements, but is not directly related to the individual line items in the financial statement.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

Group Performance

1. Segment reporting

Identification of reportable segments and types of activities

The Group identified its reportable segments to be Cooper Basin, South-East Australia (based on the nature and geographic location of the assets) and Corporate. This forms the basis of internal Group reporting to the Managing Director who is the chief operating decision maker for the purpose of assessing performance and allocating resources between each segment. Revenue and expenses are allocated by way of their natural expense and income category.

Other prospective opportunities are also considered from time to time and, if they are secured, will then be attributed to the segment where they are located, or a new segment will be established.

The following are reportable segments:

Cooper Basin

Exploration and evaluation of oil and gas and production and sale of crude oil in the Group's permits within the Cooper 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 Lattice Energy Limited.

South-East Australia

The South-East Australia segment primarily consists of the Sole Gas Project, Manta Gas Project and the Group's interest in the operated Casino Henry and non-operated Minerva producing gas assets. Revenue is derived from the sale of gas and condensate to four customers. The segment also includes exploration and evaluation and care and maintenance activities ongoing in the Otway and Gippsland basins.

Corporate and Other

The Corporate segment includes the revenue and costs associated with the running of the business and includes items which are not directly allocable to the other segments.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally is the same as those contained in the financial statements.

	Cooper Basin \$'000	South-East Australia \$'000	Corporate and Other \$'000	Consolidated \$'000
30 June 2019				
Revenue from oil and gas sales	23,283	52,260	-	75,543
Total revenue	23,283	52,260	-	75,543
Segment result before interest, tax, depreciation, amortisation and impairment	14,168	7,126	(13,778)	7,516
Depreciation and amortisation	(1,628)	(16,713)	(828)	(19,169)
Net finance (costs)/income	(101)	(4,871)	3,398	(1,574)
Profit/(loss) before tax	12,439	(14,458)	(11,208)	(13,227)
Income tax benefit	-	-	-	10,040
Petroleum Resource Rent Tax	-	(8,864)	-	(8,864)
Net profit/(loss) after tax	12,439	(23,322)	(11,208)	(12,051)
Segment assets	19,059	765,765	216,985	1,001,809
Segment liabilities	6,719	342,798	218,579	568,096

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

1. Segment reporting continued

	Cooper Basin \$'000	South-East Australia \$'000	Corporate and Other \$'000	Consolidated (restated) \$'000
30 June 2018				
Revenue from oil and gas sales	26,602	40,850	-	67,452
Total revenue	26,602	40,850	-	67,452
Segment result before interest, tax, depreciation, amortisation and impairment	16,589	47,415	(13,366)	50,638
Depreciation and amortisation	(3,053)	(16,536)	(604)	(20,193)
Impairment expense	(696)	-	-	(696)
Net finance (costs)/income	(109)	(2,670)	4,049	1,270
Profit/(loss) before tax	12,731	28,209	(9,921)	31,019
Income tax benefit	-	-	-	4,781
Petroleum Resource Rent Tax	-	(8,789)	-	(8,789)
Net profit/(loss) after tax	12,731	19,420	(9,921)	27,011
Segment assets	18,978	284,598	513,181	816,757
Segment liabilities	5,168	210,810	156,897	372,875

In 2019, revenue from two customers amounted to \$42.2 million, and \$5.4 million respectively in the South-East Australia segment and \$22.7 million from one customer in the Cooper Basin segment. In 2018, revenue from three customers amounted to \$24.4 million, \$10.4 million and \$5.1 million respectively in the South-East Australia segment and \$21.8 million from one customer in the Cooper Basin segment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

2. Revenues and expenses

	Notes	2019 \$'000	2018 (restated) \$'000
Revenue from oil and gas sales			
<i>Revenue from contracts with customers</i>			
Oil revenue from contracts with customers		23,744	22,260
Gas revenue from contracts with customers		52,260	40,850
Total revenue from contracts with customers		76,004	63,110
<i>Other revenue</i>			
Fair value movement on crude oil receivables		(445)	4,622
Settlement of commodity price options		(16)	(280)
Total other revenue		(461)	4,342
Total revenue from oil and gas sales		75,543	67,452
Other income			
Gain on exit provision		774	-
Gain on movement of consideration receivable		22	531
Gain on sale of subsidiary		-	21,934
Gain on derecognition of associate		-	353
Total other income		796	22,818
Cost of sales			
Production expenses		(23,623)	(16,881)
Royalties		(1,902)	(1,994)
Amortisation of oil and gas assets		(18,179)	(16,873)
Depreciation of property, plant and equipment		(162)	(2,716)
Total cost of sales		(43,866)	(38,464)
Other expenses			
Depreciation of property, plant and equipment		(828)	(604)
General administration		(16,546)	(14,325)
Care and maintenance		(590)	(775)
Restoration expense		(26,205)	(4,916)
Write-off of fixed asset		(57)	(324)
Write-off of inventory		(41)	-
Exploration and evaluation expense		(1,360)	(850)
Impairment expense	14	-	(696)
Fair value adjustment of success fee liability		(358)	34
Fair value movement on oil price derivatives		236	(236)
Realised and unrealised foreign currency translation gain		1,623	635
Total other expenses		(44,126)	(22,057)
Employee benefits expense included in general administration			
Director and employee benefits		(17,002)	(12,536)
Share based payments		(3,422)	(2,642)
Superannuation expense		(853)	(657)
Total employee benefits expense (gross)		(21,277)	(15,835)
Lease payments included in general administration			
Minimum lease payment – operating lease (gross)		(951)	(839)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

2. Revenues and expenses continued

Accounting Policy

Revenue from contracts with customers

Revenue from contracts with customers is recognised at the point in time when control of the crude oil, natural gas or liquids is transferred to the customer, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. This is generally when the product is transferred to the delivery point specified in the individual customer contract. The Group's performance obligations are considered to relate only to the sale of the crude oil, natural gas or liquids, with each barrel of crude oil or GJ of natural gas considered to be a separate performance obligation under the contractual arrangements in place.

The Group has concluded that it is the principal in all of its revenue arrangements since it controls the goods before transferring them to the customer. Under the terms of the relevant joint operating arrangements the Group is entitled to its participating share in the crude oil, natural gas or liquids based on the Group's entitlement interest. Revenue from contracts with customers is recognised based on the actual volumes sold to customers.

The Group's sales of natural gas are predominantly based on contracted prices, while crude oil and liquids transactions are priced based on market prices. The crude oil sales price is the Tapis crude oil price, adjusted for a quality differential.

The crude oil sales contain provisional pricing. Revenue from contracts with customers is recognised based on the provisional pricing at the date of delivery, with the price estimate based on the forward curve. The difference between the estimated price and the price ultimately achieved for the sale of the crude oil transaction is recognised as a movement in the fair value of the receivable in accordance with AASB 9. This amount is presented as other revenue in Note 2 as these movements are not within the scope of AASB 15.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

3. Income tax

The major components of income tax expense are:

	2019 \$'000	2018 \$'000
Consolidated Statement of Comprehensive Income		
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	7,522	5,784
Over provision in respect of prior year income tax	2,518	(1,003)
Income tax benefit	10,040	4,781
<i>Current royalty tax</i>		
Current year	(3,760)	(1,372)
Adjustments in respect of prior year income tax	(492)	1,458
	(4,252)	86
<i>Deferred royalty tax</i>		
Origination and reversal of temporary differences	(4,612)	(8,875)
	(4,612)	(8,875)
Total royalty tax (expense)	(8,864)	(8,789)
Total tax benefit/(expense)	1,176	(4,008)
Reconciliation between tax expense and pre-tax net profit		
Accounting (loss)/profit before tax from continuing operations	(13,227)	31,019
Income tax using the domestic corporation tax rate of 30% (2018: 30%)	3,968	(9,306)
(Increase)/decrease in income tax expense due to:		
Deductible expenditure	161	6,044
Non-assessable income	232	6,582
Non-deductible expenditure	(1,469)	(749)
Adjustments in respect to current income tax of previous years	2,518	(1,003)
Recognition of royalty related income tax benefits	1,383	3,107
Other	3,247	106
Income tax benefit	10,040	4,781
Royalty related tax expense	(8,864)	(8,789)
Total tax benefit/(expense)	1,176	(4,008)
Income tax recognised in other comprehensive income		
Deductible equity costs	-	1,599
Fair value movement on derivative financial instruments	383	(92)
Income tax using the domestic corporation tax rate of 30% (2018: 30%)	383	1,507

Tax Consolidation

Cooper Energy Limited and its 100% owned Australian resident subsidiaries are consolidated for Australian income tax purposes with Cooper Energy Limited being the head entity of the tax consolidated group. Members of the Group entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement requires members of the tax consolidated group to make contributions to the head Company for tax liabilities and deferred tax balances arising from transactions occurring after the implementation of tax consolidation. Contributions are payable following the payment of the liabilities by Cooper Energy Limited. The assets and liabilities arising under the tax funding agreement are recognised as inter-company assets and liabilities with a consequential adjustment to income tax expense or benefit. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or upon leaving the Group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

3. Income tax continued

Unrecognised temporary differences

At 30 June 2019, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, as the Group has no liability for additional taxation should unremitted earnings be remitted (2018: \$nil).

Franking Tax Credits

At 30 June 2019 the parent entity had franking tax credits of \$42.9 million (2018: \$42.9 million). The fully franked dividend equivalent is \$142.9 million (2018: \$142.9 million).

Petroleum Resource Rent Tax (PRRT)

Cooper Energy Limited has recognised a Deferred Tax Liability for Petroleum Resource Rent Tax (PRRT) of \$16.3 million (2018: \$10.4 million) relating to PRRT on the Group's producing gas assets. The Group has not recognised a Deferred Tax Asset for PRRT of \$19.1 million (2018: \$52.2 million). In the current year, this is in respect of the Sole Gas Project, and the Deferred Tax Asset for Sole will be recognised when it is probable that the undeducted expenditure will be able to be utilised. From 1 July 2019, there was a change in the PRRT legislation so that onshore petroleum projects will no longer be subject to PRRT. The Group has significant levels of undeducted expenditure in respect of the Cooper Basin oil producing assets that will not be utilised.

Income Tax Losses

(a) Revenue Losses

A Deferred Tax Asset has been recognised for the year ended 30 June 2019 of \$23.6 million (2018: \$21.6 million).

(b) Capital Losses

Cooper Energy has not recognised a Deferred Tax Asset for Australian income tax capital losses of \$15.5 million (2018: \$3.0 million) on the basis that it is not probable that the carried forward capital losses will be utilised against future assessable capital profits. Capital losses have been utilised in the prior year to offset the capital gain generated from the sale of the Orbest Gas Plant and the receipt of funds from exited joint venture parties for the BMG abandonment.

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Deferred income tax from corporate tax				
Deferred income tax at 30 June relates to:				
<i>Deferred tax liabilities</i>				
Trade and other receivables	2,240	3,583	1,343	(1,164)
Oil and gas assets	20,325	16,153	(4,172)	(15,828)
Exploration and evaluation	8,293	4,082	(4,211)	11,851
Property, plant and equipment	40	-	(40)	-
Other	103	424	(62)	(308)
Unrealised currency translation gain	-	-	-	38
	31,001	24,242	(7,142)	(5,411)
<i>Deferred tax assets</i>				
Trade and other payables	-	-	-	(1,199)
Provision for employee entitlements	2,082	1,823	259	1,459
Provisions	18,410	4,602	13,808	2,114
Other	5,377	3,313	2,064	3,108
Capital raising costs	2,261	3,226	(965)	(628)
Tax losses	23,628	21,612	2,016	5,338
	51,758	34,576	17,182	10,192
Deferred tax benefit			10,040	4,781
Deferred tax asset from corporate tax	20,757	10,334		
Deferred income tax from PRRT				
Deferred income tax at 30 June relates to:				
<i>Deferred tax liabilities</i>				
Oil and gas assets	16,293	10,356	(4,612)	(8,875)
Deferred tax (expense)			(4,612)	(8,875)
Deferred tax liability from PRRT	16,293	10,356		

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

3. Income tax continued

Accounting Policy

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 based on tax rates and tax laws that are enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on all temporary differences, except for:

- the initial recognition of an asset or liability that affects neither the accounting profit nor taxable profit or loss; or
- 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.

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 future 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.

The carrying amount of deferred income tax assets is reviewed at each reporting 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 reassessed at each reporting 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 reporting 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. Where allowable by initial recognition exemptions, deferred tax assets and deferred tax liabilities that arise on acquisition are not recognised.

Petroleum Resource Rent Tax (PRRT)

For PRRT purposes, the impact of future augmentation on expenditure is included in the determination of future taxable profits when assessing the extent to which a deferred tax asset can be recognised in the statement of financial position. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and Services Taxes (GST)

Revenues, expenses and assets are recognised net of the amount of GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. 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. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the Cash Flow Statement on a net basis and the net 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.

Significant Accounting Judgements, Estimates and Assumptions

The Group has a Tax Risk Management Framework which outlines how the direct and indirect tax obligations of Cooper Energy Limited are met from an operational, governance and tax risk management perspective.

Management judgements are made in relation to the types of arrangements considered to be a tax on income (PRRT) in contrast to an operating cost.

Judgement is also made 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 un-recouped tax losses, capital losses, and temporary differences arising from the Petroleum Resource Rent Tax legislation, 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. Future taxable profits are estimated by Board approved internal budgets and forecasts.

Judgements are also required about the application of income tax legislation. These judgements 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.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

4. Earnings per share

The following reflects the net (loss)/profit and share data used in the calculations of earnings per share:

	2019 \$'000	2018 \$'000
Net (loss)/profit after tax attributable to shareholders	(12,051)	27,011
	2019 Thousands	2018 Thousands
Weighted average number of ordinary shares used in calculating basic earnings per share	1,611,905	1,506,880
Dilutive performance rights and share appreciation rights ¹	-	22,570
Weighted average number of ordinary shares used in calculating dilutive earnings per share	1,611,905	1,529,450
Basic (loss)/earnings per share for the period (cents per share)	(0.7)	1.8
Diluted (loss)/earnings per share for the period (cents per share)	(0.7)	1.8

¹ The weighted average number of potentially dilutive shares at 30 June 2019 is 24.6 million (2018: 22.6 million)

At 30 June 2019 there exist performance rights and share appreciation rights that if vested, would result in the issue of additional ordinary shares over the next three years. In the current period, these potential ordinary shares are considered antidilutive as their conversion to ordinary shares would reduce the loss per share. Accordingly, they have been excluded from the dilutive earnings per share calculation. 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.

Accounting Policy

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

Working Capital

5. Cash and cash equivalents and term deposits

	2019 \$'000	2018 \$'000
Current Assets		
Cash at bank and in hand	136,539	236,907
Term deposits at bank	27,750	-
Cash and cash equivalents	164,289	236,907
Non-Current Assets		
Term deposits at bank	-	16

	2019 \$'000	2018 \$'000
Reconciliation of net profit to net cash flows from operating activities		
Net (loss)/profit after tax	(12,051)	27,011
<i>Add/(deduct) non-cash items:</i>		
Amortisation of oil and gas assets	18,179	16,873
Depreciation of property, plant and equipment	990	3,320
Impairment expense	-	696
Exploration and Evaluation expense	1,360	850
Restoration expense	26,205	4,916
Share based payments	3,422	2,642
Finance costs	4,972	2,779
Gain on sale of subsidiary	-	(21,934)
Foreign exchange (gain)/loss	(778)	(1,385)
Other non-cash movements	(656)	1,400
Net cash from operating activities before changes in assets or liabilities	41,643	37,168
<i>Add/(deduct) changes in operating assets or liabilities:</i>		
(Increase)/decrease in trade and other receivables	4,694	(11,544)
(Increase)/decrease in inventories	41	-
(Increase)/decrease in prepayments	(560)	52
(Decrease)/increase in deferred taxes	(4,486)	2,856
(Decrease)/increase in trade and other payables	(7,169)	5,463
(Decrease)/increase in provisions	(13,659)	(12,135)
(Increase)/decrease in held for sale assets	-	358
Net cash from operating activities	20,504	22,218

Reconciliation of liabilities arising from financing activities		
Balance at beginning of period	116,923	-
Proceeds from borrowings	92,290	125,865
Other	4,467	(8,942)
Balance at end of period	213,680	116,923

Accounting Policy

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and short-term deposits for periods of three months or subject to insignificant changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash and term deposits as defined above, net of outstanding bank overdrafts.

Cash held in escrow with associated restrictions whereby the Group cannot use that cash for operational purposes as it deems appropriate is classified as a financial asset and not as cash and cash equivalents.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. Trade and other receivables

	2019 \$'000	2018 \$'000
Current Assets		
Trade receivables	9,474	12,604
Accrued revenue	11,349	12,298
Related party receivable – joint arrangements	-	2,067
Interest receivable	346	361
	21,169	27,330
Non-Current Assets		
Trade receivables	-	11
Consideration receivable	-	145
	-	156

There are no past due or impaired trade receivables and none that have a history of past default.

Accounting Policy

Trade receivables are non-interest bearing and generally have 30 to 90 day terms. Trade receivables are recognised at the transaction price as defined by AASB 15 and carried at amortised cost less any allowances for expected credit loss. An allowance for expected credit loss is recognised using the simplified approach. Bad debts are written off when identified.

7. Prepayments

	2019 \$'000	2018 \$'000
Insurance	884	1,761
Other	2,462	1,000
	3,346	2,761

8. Inventory

	2019 \$'000	2018 \$'000
Spares and parts	426	467

All inventory items are carried at cost in the current and previous financial years.

Accounting Policy

Inventories are carried at the lower of their cost or net realisable value. Inventories held by the Group are in respect of spares and parts involved in drilling operations. Items held as insurance or capital spares are treated as part of property, plant and equipment.

9. Trade and other payables

	2019 \$'000	2018 \$'000
Trade payables	5,046	14,159
Accruals (capital and operating expenditure)	36,598	43,597
Deferred lease incentive	2,889	1,459
	44,533	59,215

Accounting Policy

Trade payables are non-interest bearing and carried at amortised cost. The amounts represent liabilities for goods and services provided during the financial year, but not yet settled at the balance sheet date. Accruals represent unbilled goods or services.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

Capital Employed

10. Property, plant and equipment

	Production assets		Corporate assets		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Reconciliation of carrying amounts at beginning and end of period:						
Carrying amount at beginning of period	521	2,768	2,343	926	2,864	3,694
Additions	184	469	2,579	2,353	2,763	2,822
Disposals/written off	-	-	(57)	(332)	(57)	(332)
Depreciation	(162)	(2,716)	(828)	(604)	(990)	(3,320)
Carrying amount at end of period	543	521	4,037	2,343	4,580	2,864
 Cost	 4,080	 3,896	 6,075	 4,511	 10,155	 8,407
Accumulated depreciation	(3,537)	(3,375)	(2,038)	(2,168)	(5,575)	(5,543)
Carrying amount at end of period	543	521	4,037	2,343	4,580	2,864

Accounting Policy

Property, plant and equipment comprises office and IT equipment, leasehold improvements and the Minerva Gas Plant, and 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. Repairs and maintenance are recognised in the Consolidated Statement of Comprehensive Income as incurred.

Depreciation on property plant and equipment is calculated at between 7.5% and 37.5% per annum using the diminishing value method over the asset's estimated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use. Any gains or losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is included in the Consolidated Statement of Comprehensive Income.

11. Intangible assets

	2019 \$'000	2018 \$'000
Reconciliation of carrying amounts at beginning and end of period:		
Carrying amount at beginning of period	-	-
Additions	36	-
Carrying amount at end of period	36	-
 Cost	 36	 -
Accumulated depreciation	-	-
Carrying amount at end of period	36	-

Accounting Policy

Intangible assets are stated at historical cost less accumulated amortisation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Intangible assets are determined to have a finite useful life and are amortised over their useful lives and tested for impairment whenever there is an indicator of impairment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

12. Exploration and evaluation assets

	Notes	2019 \$'000	2018 \$'000
Reconciliation of carrying amounts at beginning and end of period			
Carrying amount at beginning of period		98,732	223,331
Additions		54,896	26,582
Exploration and evaluation expense		(1,360)	(850)
Impairment	14	-	(696)
Transfer to oil and gas assets		-	(149,635)
Carrying amount at end of period (i)		152,268	98,732

(i) Recoverability is dependent on the successful development and commercial exploration or sale of the respective areas of interest.

Accounting Policy

Exploration and evaluation expenditure include costs incurred in the search for hydrocarbon resources and determining the commercial viability in each identifiable area of interest. Exploration and evaluation expenditure is accounted for in accordance with the successful efforts 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.

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, comprises 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 an unsuccessful well are written off in the year in which the decision to abandon is made or the results of drilling are concluded. The success or otherwise of a well is determined by reference to the drilling objectives for that well. For successful wells, 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. Any appraisal costs relating to determining commercial feasibility are also capitalised as exploration and evaluation assets. 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 an ownership interest in an exploration and evaluation asset is exchanged for another, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets. Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously capitalised with any excess accounted for as a gain on disposal of non-current assets. Where a discovered oil or gas field enters the development phase the accumulated exploration and evaluation expenditure is tested for impairment and then transferred to oil and gas assets.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

13. Oil and gas assets

	2019 \$ '000	2018 \$'000
Reconciliation of carrying amounts at beginning and end of period:		
Carrying amount at beginning of period	394,632	69,402
Additions	236,745	192,468
Transferred from exploration and evaluation	-	149,635
Amortisation	(18,179)	(16,873)
Carrying amount at end of period	613,198	394,632
Cost	712,241	447,631
Accumulated amortisation & impairment	(99,043)	(52,999)
Carrying amount at end of period	613,198	394,632

Accounting Policy

Oil and gas assets are carried at cost including construction, installation of infrastructure such as roads, pipelines or umbilicals and the cost of development of wells. Any restoration assets arising as a result of recognition of a restoration provision is also included in the carrying amount of oil and gas assets.

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 as incurred.

Oil and gas assets are amortised on the Units of Production basis using the latest approved estimate of Proved and Probable (2P) Reserves and future development cost estimates. Amortisation is charged only once production has commenced. No amortisation is charged on areas under development where production has not commenced.

Significant Accounting Judgements, Estimates and Assumptions

Estimation of oil and gas asset expenditure

Capitalised oil and gas assets for the construction of major projects or ongoing well construction activities include accruals in relation to the value of work done. These remain estimates until the contractual arrangement is finalised, including any rebates, credits and variations as part of the standard contractual process.

Amortisation of oil and gas assets

The amortisation of oil and gas assets are impacted by management's estimates of reserves and future development costs. Refer to the Significant accounting judgements, estimates and assumptions section on page 37 in relation to reserves. Future development cost estimates are costs necessary to develop an assets' undeveloped 2P reserves. These costs are subject to changes in technology, regulation and other external factors.

Significant accounting judgements, estimates and assumptions are also made in relation to the impairment of oil and gas assets and recognition of restoration assets, refer to Note 14 and Note 16 respectively.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

14. Impairment

	2019 \$'000	2018 \$'000
Impairment of exploration and evaluation assets		
Cooper Basin Northern Licenses	-	696

Exploration and evaluation impairment

At year-end the Group's exploration assets were assessed for impairment indicators in accordance with AASB 6. There were no indicators of impairment identified, therefore no impairment expense was recognised (2018: \$0.7 million).

Oil and gas asset impairment

At year-end the Group's oil and gas assets were assessed for impairment indicators in accordance with AASB 136. Notwithstanding that impairment indicators were present, no impairment was recognised on oil and gas assets due to the presence of sufficient headroom in the impairment modelling.

Accounting Policy

The carrying values of non-current assets, including, property, plant and equipment, capitalised exploration and evaluation assets and oil and gas assets are assessed for indicators of impairment biannually. Where indicators of impairment are present, an impairment test is performed.

An impairment loss is recognised for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount. The recoverable amount of non-current assets is the higher of fair value less cost to sell (FVLCS) and value in use (VIU). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). In assessing VIU, 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. Where the recoverable amount is based on the FVLCS the inputs are consistent with the level 2 and level 3 fair value hierarchy.

Significant Accounting Judgements, Estimates and Assumptions

Impairment of exploration and evaluation assets

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.

Management is required to make certain estimates and assumptions in applying this policy. Factors which could impact the future recoverability include the level of oil and gas resources, future technological changes which could impact the cost of extraction, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. These estimates and assumptions may change as new information becomes available. 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 and gas reserves or resources. 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 oil and gas assets

The Group reviews the carrying amount of oil and gas assets at each reporting date starting with analysis of any indicators of impairment. Where indicators of impairment are present, the Group will test whether the CGU's recoverable amount exceeds its carrying amount. Relevant items of working capital and property, plant and equipment are allocated to CGUs when testing for impairment.

The Group calculates the VIU of an asset or CGU using a discounted cash flow model. The estimated expected cash flows used in the discounted cash flow model are based on management's best estimate of the future production of reserves and sales volumes, commodity prices, foreign exchange rates, capital expenditure for any development required to produce the reserves, and operating expenditure.

The Group's commodity prices and foreign exchange rates for impairment testing are based on management's best estimates of future market prices, with reference to external brokers, market data and futures prices. The Group's oil price assumptions (real) are US\$65/bbl for 2020, US\$68/bbl for 2021 and beyond (2018: US\$65/bbl for 2019, US\$67/bbl for 2020 and US\$68/bbl long term). The Group's gas price assumptions are based on contracted gas volumes, and the Group's view of future uncontracted gas prices are based on market data available, and South-East Australia gas market supply and demand. Discount rates applied in the net present value calculation of the VIU are derived from the weighted average cost of capital. The Group applied a pre-tax real discount rate of 9.03% (2018: 11.7%). The decrease in the discount rate is mainly due to a decrease in the risk-free rate, reflecting a change in Australian government bond rates. A sensitivity analysis of the impairment models shows that the recoverable amounts are most sensitive to management's assumptions relating to production, commodity prices, capital expenditure, timing of cash flows and discount rates. In the event that future circumstances vary from the assumptions used in the impairment assessment, the recoverable amount of the Group's assets or CGUs could change materially and result in an impairment loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

15. Provisions

	2019 \$'000	2018 \$'000
Current Liabilities		
Restoration provisions	9,989	67,651
Employee provisions	1,142	730
Exit penalty provision (i)	-	3,907
Other provisions	-	1,524
	11,131	73,812
Non-Current Liabilities		
Employee provisions	561	610
Restoration provisions	276,228	106,070
	276,789	106,680

(i) The exit provision relates to an amount payable in relation to the Group's exit from the joint venture partnership in the Hammamet permit in Tunisia. The amount payable by the joint venture was determined by the Tunisian government and was paid by the joint venture during the year. The amount paid to the joint venture by the Group was lower than the provision, with the difference being recognised as other income (refer to Note 2).

	2019 \$'000	2018 \$'000
Movement in carrying amount of the current restoration provision:		
Carrying amount at beginning of period	67,651	14,584
Restoration provision assumed (i)	-	48,082
Restoration expenditure incurred	(10,112)	(16,367)
New provisions recognised (ii)	597	-
Transferred (to)/from non-current provisions	(48,735)	21,271
Impact of changes in restoration assumptions (iii)	588	81
Carrying amount at end of period	9,989	67,651
Movement in carrying amount of the non-current restoration provision:		
Carrying amount at beginning of period	106,070	99,437
New provisions recognised (ii)	13,507	13,608
Transferred from/(to) current provisions	48,735	(21,271)
Increase through accretion	4,902	2,649
Impact of changes in restoration assumptions (iii)	103,014	11,647
Carrying amount at end of period	276,228	106,070

(i) Relates to the Group's increased share of the BMG restoration provision on settlement with exited parties.

(ii) New provisions recognised is in respect of restoration provisions arising from the Sole Horizontal Directional Drilling (HDD) and pipeline and exploration permits (2018: Sole-3 and Sole-4 wells).

(iii) Changes in restoration assumptions results from a change in the discount rate and changes in gross cost assumptions.

The discount rate used in the calculation of the provisions as at 30 June 2019 ranged from 0.96% to 1.82% (2018: 2.00% to 2.70%) reflecting a risk-free rate that aligns to the timing of restoration obligations. The reduction in the risk-free rate reflects the change in Australian government bond rates since the last assessment.

15. Provisions continued

Accounting Policy

Provisions are recognised when the Group has a legal or constructive obligation 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.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave 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 provision 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 unit 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 based on high quality corporate bonds with terms of maturity and currencies that match, as closely as possible, the estimated future cash outflows. Employees' accumulated long service leave is ascribed to individual employees at the rates payable as and when they become entitled to long service leave.

A provision for bonus is recognised and measured based upon the current wage and salary level and forms part of the employee short term incentive plan. The basis for the bonus is set out in the Remuneration Report.

Restoration

The Group records a restoration provision for the present value of its share of the estimated cost to restore its sites. 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 upon commencement of construction and then reviewed biannually at each reporting date. When the liability is recorded the carrying amount of the production or exploration asset is increased by the same amount and is depreciated over the remaining producing life of the asset. The movement is recorded as a restoration expense when there is no asset recorded. Over time, the liability is increased for the change in the present value based on a risk-free discount rate. 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 changes in the gross cost estimate or changes in the discount rate of the restoration provision are recorded by adjusting the provision and the carrying amount of the production or exploration asset, to the extent that it is appropriate to recognise an asset under accounting standards, and then depreciated over the remaining producing life of the asset. Where it is not appropriate to recognise an asset, changes will go through profit or loss. Any change in assumptions is applied prospectively.

These estimated costs are based on current technology available, State, Federal and International legislation and or industry practice.

Significant Accounting Judgements, Estimates and Assumptions

Provisions for restoration costs

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

The ultimate cost of decommissioning and restoration is uncertain and these ultimate costs can vary in response to many factors. These include the extent of restoration required due to changes to the relevant legal or regulatory requirements and the emergence of new restoration techniques or experience at other fields, including prevailing service costs. The expected timing of expenditure can also change, for example in response to changes in oil and gas reserves or to production rates. Changes to any of the estimates could result in significant changes to the amount of the provision recognised, which would in turn impact future financial results.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

16. Government grants

	2019 \$'000	2018 \$'000
Reconciliation of government grants at beginning and end of period:		
At beginning of period	2,067	-
Grant received during the year	-	2,067
Allocated to exploration and evaluation assets	(1,637)	-
At end of period	430	2,067

Accounting Policy

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants received in relation to exploration and evaluation assets, oil and gas assets or property, plant and equipment are recognised as a reduction in the carrying value of the asset as expenditure is incurred.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

Funding and Risk Management

17. Interest bearing loans and borrowings

	2019 \$'000	2018 \$'000
Non-current bank debt	213,680	116,923
Net of capitalised transaction costs of \$4.5 million (2018: \$8.9 million).		

In August 2017, Cooper Energy negotiated a \$250.0 million senior secured Reserve Based Lending Facility, principally to fund the Sole Gas Project, and a senior secured \$15.0 million working capital facility.

A summary of the Group's secured facilities is included below.

Facility	Reserve Based Lending Facility
Currency	Australian dollars
Limit¹	\$250.0 million (2018: \$250.0 million)
Utilised amount	\$218.2 million (2018: \$125.9 million)
Accounting balance	\$213.7 million (2018: \$116.9 million)
Effective interest rate	6.19%
Maturity	2020 – 2024

Facility	Working Capital Facility
Currency	Australian Dollars
Limit	\$15.0 million (2018: \$15 million)
Utilised amount²	Nil (2018: Nil)
Accounting balance	Nil (2018: Nil)
Effective interest rate	Nil
Maturity	28 September 2020

¹ As at 30 June 2019, \$233.0 million of the facility limit of \$250.0 million is currently available.

² As at 30 June 2019, \$1.7 million has been utilised by way of bank guarantees.

Accounting Policy

Borrowings are recognised initially at fair value net of transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis. Transaction costs are capitalised initially and included in the effective interest rate calculation and unwound over the expected term of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period. Interest expense is recognised as interest accrues using the effective interest rate and if not paid at balance date, is reflected in the balance sheet as a payable.

18. Net finance costs

	2019 \$'000	2018 \$'000
Finance Income		
Interest income	3,398	4,049
Finance Costs		
Accretion of restoration provision	(4,902)	(2,735)
Accretion of success fee liability	(70)	(44)
Interest expense	(11,015)	(3,394)
Capitalised interest	11,015	3,394
Total finance costs	(4,972)	(2,779)
Net finance (costs)/income	(1,574)	1,270

Accounting Policy

Interest earned is recognised in the Consolidated Statement of Comprehensive Income as finance income and is recognised as interest accrues using the effective interest rate. This 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.

Interest expense is capitalised to the cost of a qualifying asset during the development phase.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

19. Contributed equity and reserves

Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent entity. The primary objective of the Group's capital management is to maintain an appropriate capital profile to support its business activities and to maximise shareholder value. At 30 June 2019, the Group has utilised \$218.2 million of its Reserve Based Lending Facility. The Group manages its capital structure and makes adjustments in light of economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust its dividend policy, return capital to shareholders, issue new shares or draw on debt. No changes were made in the objectives, policies or processes during the current and prior period.

Share capital

	2019 \$'000	2018 \$'000
Ordinary shares issued and fully paid	474,397	471,837

	2019 Thousands	\$'000	2018 Thousands	\$'000
Movement in ordinary shares on issue				
At 1 July	1,601,079	471,837	1,140,551	343,161
Equity issue	-	-	456,222	127,803
Issuance of shares for Performance Rights and Share Appreciation Rights	19,682	2,217	4,306	873
Issuance of shares to contractors	790	343	-	-
At 30 June	1,621,551	474,397	1,601,079	471,837

Accounting Policy

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 that would not have been incurred had ordinary shares not been issued are recognised directly in equity as a reduction of the share proceeds received.

The Group may issue shares to contractors at its discretion in exchange for services rendered. The cost of these issued shares is measured by reference to the fair value at the date at which they are granted.

Reserves

	Consol. reserve \$'000	Share based payment reserve \$'000	Option premium reserve \$'000	Cash flow hedge reserve \$'000	Equity instrument reserve \$'000	Total \$'000
Consolidated						
At 1 July 2017	(541)	7,817	25	161	(685)	6,777
Other comprehensive income/ (expenditure)	-	-	-	149	1,230	1,379
Transferred to issued capital	-	(873)	-	-	-	(873)
Share-based payments	-	2,642	-	-	-	2,642
At 30 June 2018	(541)	9,586	25	310	545	9,925
Other comprehensive income/ (expenditure)	-	-	-	(894)	(989)	(1,883)
Transferred to issued capital	-	(2,217)	-	-	-	(2,217)
Share-based payments	-	3,422	-	-	-	3,422
At 30 June 2019	(541)	10,791	25	(584)	(444)	9,247

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

19. 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.

Share based payment reserve

This reserve is used to record the value of equity benefits provided to employees, contractors and Executive Directors as part of their remuneration.

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.

Cash flow hedge reserve

This reserve is used to capture the effective portion of the mark to market movement of instruments designed in a hedge relationship.

Equity instruments reserve

This reserve is used to capture the mark to market movement in the value of shares held in companies listed on a public exchange. Items in this reserve are never recycled through profit or loss.

Accumulated Losses

	2019 \$'000	2018 \$'000
Movement in accumulated losses:		
Balance at 1 July	(37,880)	(64,891)
Net (loss)/profit for the year	(12,051)	27,011
Balance at 30 June	(49,931)	(37,880)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

20. Financial risk management

The Group's principal financial instruments comprise cash and short-term deposits (Note 5), receivables (Note 6), equity investments, payables (Note 9) and borrowings (Note 17).

	2019 \$'000	2018 \$'000
Other financial assets		
<i>Current</i>		
Cash held in escrow	-	20,171
	-	20,171
<i>Non-Current</i>		
Equity instruments (i)	1,252	2,241
Escrow proceeds receivable	20,488	20,146
	21,740	22,387
Other financial liabilities		
<i>Current</i>		
Derivative financial instruments	-	236
Derivative financial instruments designated in a hedge relationship	1,758	355
	1,758	591
<i>Non-Current</i>		
Success fee financial liability	3,482	3,054
Derivative financial instruments designated in a hedge relationship	-	177
	3,482	3,231
Movement in carrying amount of the success fee financial liability:		
Carrying amount at 1 July	3,054	3,044
Finance cost	70	44
Fair value adjustment	358	(34)
Carrying amount at 30 June	3,482	3,054

(i) The equity instruments consist of two investments and the Group has received no dividends throughout the financial year.

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 Group 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

20. Financial risk management continued

Set out below are the carrying amounts and fair values of financial instruments held by the Group:

		Carrying amount		Fair value	
	Level	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Consolidated					
Financial assets					
Trade and other receivables	2	21,169	27,330	21,169	27,330
Equity instruments	1	1,252	2,241	1,252	2,241
Cash held in escrow	2	-	20,171	-	20,171
Escrow proceeds receivable	2	20,488	20,146	20,488	20,146
Financial liabilities					
Trade and other payables	2	44,533	59,215	44,533	59,215
Success fee financial liability	3	3,482	3,054	3,482	3,054
Derivative financial instruments	2	-	236	-	236
Derivative financial instruments designated in a hedge relationship	2	1,758	532	1,758	532
Interest bearing loans and borrowings	2	213,680	116,923	215,566	101,842

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

Equity instruments

Equity instruments are measured at fair value through other comprehensive income based on an election made at inception on an instrument basis 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. After initial recognition, investments are remeasured to fair value 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.

Changes in the fair value of equity investments are recognised as a separate component of equity. Any dividends received are reflected in profit or loss.

Cash held in escrow and escrow proceeds receivable

During the 2018 financial year, the Group completed the sale of Orbost Gas Plant to APA Group. A portion of proceeds from the sale is held in escrow, to be released upon certain conditions being satisfied. Additional funds were held in escrow for payments to be made in connection with the Group's 2018 drilling campaign. Amounts held in escrow are measured at amortised cost in the Consolidated Statement of Financial Position.

Derivative financial instruments designated in a hedge relationship

The derivative financial instruments relate to the Group's hedging activities to hedge against cash flow risks from movements in interest rates (and oil price in the prior year), for which hedge accounting has been applied. The derivative financial instruments are measured at fair value through other comprehensive income and the fair value is obtained from third party valuation reports.

Derivative financial instruments

Commodity derivatives are also used to manage the Group's exposure to changes in oil prices and are measured at fair value through profit and loss. The Group has elected not to apply hedge accounting to its commodity derivatives entered into during the 2018 financial year. The use of derivative financial instruments is subject to a set of policies, procedures and limits approved by the Board of Directors. The Group does not trade in derivative financial instruments for speculative purposes.

Success fee financial liability

The success fee liability is the fair value of the Group's liability to pay a \$5.0 million success fee upon the commencement of commercial production of hydrocarbons on the Group's VIC/RL 13-15 assets acquired on 7 May 2014. The significant unobservable valuation inputs for the success fee financial liability includes: a probability of 33% that no payment is made and a probability of 67% the payment is made in 2024. The discount rate used in the calculation of the liability as at 30 June 2019 equalled 1.02% (June 2018: 2.70%). The financial liability is measured at fair value through profit and loss, and valued using a discounted cash flow model and the value is sensitive to changes in discount rate and probability of payment.

20. Financial risk management continued

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 Group has a separate Risk and Sustainability Committee.

The main financial risks that arise in the normal course of business for the Group's financial instruments are foreign currency risk, commodity price risk, share price risk, credit risk, liquidity risk and interest rate 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 rates, foreign exchange and commodity prices. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board's policy is that no speculative trading in financial instruments be undertaken. The primary responsibility for the 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 implemented to manage any of the risks identified below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, commodity price risk and interest rate risk. Financial instruments affected by market risk include deposits, trade receivables, trade payables and accrued liabilities.

The sensitivity analyses in the following sections relate to the position as at 30 June 2019 and 30 June 2018.

The sensitivity analyses have been prepared on the basis that the amount of the financial instruments in foreign currencies is all constant. The sensitivity analyses are intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The analyses exclude the impact of movements in market variables on the carrying value of provisions.

The following assumptions have been made in calculating the sensitivity analyses:

- The Consolidated Statement of Financial Position sensitivity relates to US-denominated trade receivables
- The sensitivity of the relevant profit before tax item and/or equity is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2019 and 30 June 2018

a) Foreign currency risk

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

The majority of costs related to the Sole Gas Project are denominated in Australian dollars, however there are some costs incurred in Great British pounds and United States dollars. Transaction exposures, where possible, are netted off across the Group to reduce volatility and provide a natural hedge.

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 Group manages the purchase of foreign currency to meet expenditure requirements, which cannot be netted off against US dollar receivables.

The financial instruments which are denominated in US dollars are as follows:

	2019 \$'000	2018 \$'000
Financial assets		
Cash	3,980	5,403
Trade and other receivables (current and non-current)	5,591	7,852
Cash held in escrow	-	20,171

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

20. Financial risk management continued

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 foreign currency, with all other variables held constant.

	Impact on after tax profit	
	2019	2018
	\$'000	\$'000
<i>If the Australian dollar were 10% higher at the balance date</i>	(870)	(1,205)
<i>If the Australian dollar were 10% lower at the balance date</i>	1,063	1,473

b) Commodity price risk

The Group uses oil price options to manage some of its transaction exposures. Options entered into have not been designated as cash flow hedges and are entered into for periods consistent with oil price exposure of the underlying transactions, generally from one to 12 months.

The following table shows the effect of price changes in oil on the Group's provisional sales excluding the effect of hedging.

Commodity price risk arises from the sale of oil denominated in US dollars. The Group has provisional sales at 30 June 2019 of \$5.6 million (2018: \$7.9 million).

	Impact on after tax profit	
	2019	2018
	\$'000	\$'000
<i>If the Brent Average price were 10% higher at the balance date</i>	656	901
<i>If the Brent Average price were 10% lower at the balance date</i>	(656)	(901)

c) Interest rate risk

The Group has borrowings of \$213.7 million at 30 June 2019 (2018: \$116.9 million). Interest on borrowings are capitalised while the project is in development. The Group has fixed rate term deposits that are not impacted by changes in the interest rate at balance date.

Credit risk

Credit risk arises from the financial assets of the Group which comprise cash and cash equivalents and trade and other receivables including hedge settlement 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 trades only with recognised creditworthy third parties and has had no exposure to expected credit losses. The Group has a concentration of credit risk with trade receivables due from a small number of entities which have traded with the Group since 2003.

Cash and cash equivalents and term deposits are held at three financial institutions that have a Standard & Poor's A credit rating or better. Trade receivables are settled on 30 to 90 day terms.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

20. Financial risk management continued

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 review the liquidity position on a regular basis including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

Any fluctuation of the interest rate either up or down will have no impact on the principal amount of the cash on term deposit at the banks. The Group does not invest in financial instruments that are traded on any secondary market.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	Total \$'000
At 30 June 2019					
Trade and other payables ¹	41,644	-	-	-	41,644
Interest bearing loans and borrowings	-	9,490	235,262	15,763	260,514
Financial liabilities	-	-	5,000	-	5,000
Derivative financial liabilities designated in a hedge relationship	-	1,758	-	-	1,758
	44,807	11,248	240,262	15,763	308,916
At 30 June 2018					
Trade and other payables ¹	57,756	-	-	-	57,756
Interest bearing loans and borrowings	1,967	5,902	56,747	104,141	168,757
Financial liabilities	-	-	5,000	-	5,000
Derivative financial liabilities	91	145	-	-	236
Derivative financial liabilities designated in a hedge relationship	-	355	177	-	532
	59,814	6,402	61,924	104,141	232,281

¹ Excludes deferred lease incentive

Share price risk

Share price risk arises from the movement of share prices on a prescribed stock exchange. The Group has equity instruments measured at fair value through other comprehensive income the fair value of which fluctuates as a result of movement in the share price.

	Impact on reserve	
	2019 \$'000	2018 \$'000
<i>If the share price were 10% higher at the balance date</i>	125	223
<i>If the share price were 10% lower at the balance date</i>	(125)	(224)

21. Hedge accounting

The Group uses interest rate swaps to manage its exposure to fluctuations in interest rates. The swaps are designated as cash flow hedges and are entered into for a period consistent with the exposure of the underlying transactions.

Cash flow hedges – interest rate swaps

Interest rate swaps measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast interest payments in respect of the Group's reserve base lending facility. These forecast transactions are highly probable and they comprise 74% of the Group's total expected interest payments June 2020.

Carrying amount	\$1.8 million liability (2018: \$0.5 million liability)
Notional value	\$161.7 million (2018: \$118.4 million)
Hedge cover	74%
Maturity date	June 2020
Average hedged rate	6.38%

The fair value of the swaps varies based on changes in forward rates.

	30 June 2019		30 June 2018	
	Assets	Liabilities	Assets	Liabilities
	\$'000	\$'000	\$'000	\$'000
Fair value of interest rate swaps	-	1,758	-	532

The terms of the interest rate swaps match the terms of the expected highly probable forecast interest payments.

The cash flow hedges of the expected future interest payments were assessed to be highly effective and a net unrealised loss of \$1.3 million (2018: \$0.5 million) and a tax expense of \$0.4 million (2018: \$0.1 million) relating to the hedging instrument are included in OCI.

During the previous financial year, \$0.3 million was reclassified from other comprehensive income (OCI) to capitalised borrowing costs on the balance sheet in respect of realised hedge settlements.

The amounts retained in OCI at 30 June 2019 are expected to mature and impact the statement of profit or loss during the 2020 financial year.

Accounting Policy

Derivatives are initially recognised at their fair value when the Group becomes a party to the contract. Derivative financial instruments measured at fair value through profit and loss may be designated as hedging instruments in a hedge relationship.

Cash flow hedges

The Group uses interest rate swaps as hedges of its exposure to interest rate risk in forecast transactions. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss – when the sale occurs or when interest is paid.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure an economic relationship exists between the hedged item and a hedging instrument. The Group enters into hedging relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve while any ineffective portion is recognised immediately in the statement of profit or loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

Group Structure

22. Interests in joint arrangements

The Group has the following interests in joint arrangements involved in the exploration and/or production of oil and gas in Australia:

		Ownership Interest	
		2019	2018
Joint Arrangements in Australia in which Cooper Energy Limited is the operator/manager			
VIC/L24 & 30	Gas exploration and production	50% ¹	-
Joint Arrangements in Australia in which Cooper Energy Limited is not the operator/manager			
PEL 90K	Oil and gas exploration	25% ²	25%
PEL 93 ³	Oil and gas exploration and production	30%	30%
PRL 237	Oil and gas exploration	20%	20%
PRL 207-209 (Formerly PEL 100)	Oil and gas exploration	19.165%	19.165%
PRL 183-190 (Formerly PEL 110)	Oil and gas exploration	20%	20%
PEL 494	Oil and gas exploration	30%	30%
PEP 150	Oil and gas exploration	20%	20%
PEP 168	Oil and gas exploration	50%	50%
PEP 171	Oil and gas exploration	75%	100%
PRL 32	Oil and gas exploration	30%	30%
PRL 85-104 ³ (Formerly PEL 92)	Oil and gas exploration and production	25%	25%

¹ Following a change in the ownership structure of the joint venturers, there is now joint control.

² The Group withdrew from the PEL 90K joint venture, however the title had not been transferred as at 30 June 2019.

³ Includes associated PPLs.

Accounting Policy

The Group has interests in arrangements that are controlled jointly. A joint arrangement is either a joint operation or a joint venture. The Group has several joint arrangements which are classified as joint operations. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Currently the Group does not have any interests in joint ventures.

In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Expenses, including its share of any expenses incurred jointly

Significant Accounting Judgements, Estimates and Assumptions

Joint arrangements

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, such as approval of the capital expenditure program for each year and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. Where joint control does not exist, the relationship is not accounted for as a joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle;
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from: The legal form of the separate vehicle; the terms of the contractual arrangement and; other facts and circumstances (when relevant).

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

23. Investments in controlled entities

(a) Schedule of controlled entities

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

Name	Country of incorporation	Note	Ownership Interest	
			2019	2018
CE Tunisia Bargou Ltd	British Virgin Islands		100%	100%
CE Hammamet Ltd	British Virgin Islands		100%	100%
CE Nabeul Ltd	British Virgin Islands		100%	100%
Somerton Energy Limited	Australia	(a)	100%	100%
Essential Petroleum Exploration Pty Ltd	Australia	(a)	100%	100%
Coper Energy (Australia) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (PBF) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (PB Pipelines) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (CH) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (TC) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (MF) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (MGP) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (IC) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (HC) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (EA) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (Sole) Pty Ltd	Australia	(a)	100%	100%
Cooper Energy (VO) Pty Ltd	Australia	(a)	100%	-
Cooper Energy (Marketing) Pty Ltd	Australia	(a)	100%	-

The parties that comprise the Closed Group and were added to the Closed Group during the year are denoted by (a).

(b) Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 dated 29 September 2016, relief has been granted to these controlled entities of Cooper Energy Limited from the Corporations Act 2001 for preparation, audit and lodgement of financial reports, and directors' reports. As a condition of the Class Order, Cooper Energy Limited, and the controlled entities subject to the Class Order, entered into a Deed of Cross Guarantee. The effect of the deed is that Cooper Energy Limited has guaranteed to pay any deficiency in the event of the winding up of any member of the Closed Group, and each member of the Closed Group has given a guarantee to pay any deficiency, in the event that Cooper Energy Limited or any other member of the Closed Group is wound up.

CE Tunisia Bargou Ltd, CE Hammamet Ltd and CE Nabeul Ltd were inactive during the current and prior year, therefore the Financial Statements of the consolidated entity also represent the closed group results.

Accounting Policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirers previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of AASB 9, it is measured in accordance with the appropriate AASB.

An asset or group of assets that do not meet the definition of a business are accounted for as asset acquisitions. Under this method, assets are initially recognised at cost based on their relative fair value at the date of acquisition. Under this method transaction costs are capitalised to the asset and not expensed.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

24. Parent entity information

Information relating to the parent entity, Cooper Energy Limited	2019 \$'000	2018 \$'000
Current Assets	179,179	416,213
Total Assets	597,200	700,530
Current Liabilities	22,683	145,306
Total Liabilities	120,522	227,749
Issued capital	474,397	471,837
Accumulated loss	(8,535)	(8,108)
Option premium reserve	25	25
Cash flow hedge reserve	-	310
Equity instruments reserve	-	(869)
Share based payment reserve	10,791	9,586
Total shareholders' equity	476,678	472,781
Profit of the parent entity	1,250	22,416
Total comprehensive loss of the parent entity	-	(35)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

Other Information

25. Commitments and contingencies

	2019 \$'000	2018 \$'000
Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:		
Within one year	1,584	888
After one year but not more than five years	6,866	2,826
After more than five years	896	1,246
Total minimum lease payments	9,346	4,960

The Parent entity leases offices in Adelaide and Perth from which it conducts its operations.

	2019 \$'000	2018 \$'000
Exploration capital commitments not provided in the financial statements and payable:		
Within one year	20,722	5,776
After one year but not more than five years	33,544	20,130
Total capital commitments	54,266	25,906

From time to time through the ordinary course of business, Cooper Energy enters into contractual arrangements that may give rise to negotiated outcomes.

As at 30 June 2019 the Parent entity has bank guarantees for \$1.7 million (2018: \$0.9 million). These guarantees are in relation to performance bonds on exploration permits and guarantees on office leases.

Accounting Policy

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 arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

The Group has entered into commercial property leases. The Group has determined that it does not obtain any of the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases.

26. Share based payments

At the 2018 AGM, shareholders of Cooper Energy approved the plan referred to as the Equity Incentive Plan (EIP). Performance rights and share appreciation rights were issued for no consideration under the EIP. These rights issued will vest as shares in the parent entity subject to performance hurdles being met. A performance right is the right to acquire one fully paid share in the Company provided a specified hurdle is met and share appreciation rights are rights to acquire shares in the Company to the value of the difference in the Company share price between the grant date and vesting date.

Testing of the performance rights and share appreciation rights will occur at the end of the three year performance period. Rights granted prior to the 2019 financial year may be retested once 12 months after the original three year test date. At the end of the three year measurement period, those rights that were tested and achieved will vest.

The vesting test is determined from the absolute total shareholder return of Cooper Energy's share price ranked against the absolute total shareholder returns of 12 peer companies listed on the Australian Securities Exchange. If Cooper Energy is ranked lower than the 50th percentile no rights will vest. If Cooper Energy is ranked in the 50th percentile 30% of the eligible rights will vest. If Cooper Energy is ranked greater than the 50th percentile but less than the 90th percentile the amount of eligible rights vested will be based on a pro rata calculation. If Cooper Energy is ranked in the 90th percentile or higher 100% of the eligible rights will vest.

There are no participating rights or entitlements inherent in the rights and holders will not be entitled to participate in new issues of capital offered to shareholders during the period of the rights. All rights are settled by physical delivery of shares.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

26. Share based payments continued

Information with respect to the number of performance rights and share appreciation rights granted to employees is as follows:

Date Granted	Number of share appreciation rights (SARs) granted	Number of performance rights granted	Average share price at commencement date of grant	Average contractual life of rights at grant date in years	Remaining life of rights in years
21 December 2016	9,841,875	3,810,503	\$0.298	3	0.5
8 December 2017	15,898,978	6,330,443	\$0.310	3	1.5
8 December 2017 ^{1,2}	-	521,438	\$0.310	1	-
12 December 2018	13,312,848	4,888,166	\$0.435	3	2.5
12 December 2018 ²	-	697,284	\$0.435	1	0.5

¹Granted in December 2017 and exercised in December 2018

²Relates to deferred STIP performance rights granted

The number of performance rights and share appreciation rights held by employees is as follows:

	Number of Share Appreciation Rights		Number of Performance Rights ¹	
	2019	2018	2019	2018
Balance at beginning of year	46,017,694	30,118,716	17,846,179	10,994,298
- granted	13,312,848	15,898,978	5,585,450	6,851,881
- vested	(19,269,412)	-	(7,296,874)	-
- expired and not exercised	-	-	(51,439)	-
- forfeited following employee termination	(304,179)	-	(618,419)	-
Balance at end of year	39,756,951	46,017,694	15,464,897	17,846,179
Achieved at end of year	-	-	-	-

¹Includes deferred STIP issued as performance rights

The fair value of services received in return for the performance rights granted are measured by reference to the fair value of performance rights granted. The estimate of the fair value of the services received is measured based on the Black-Scholes methodology to produce a Monte-Carlo simulation model that allows for the incorporation of market-based performance hurdles that must be met before the shares vest to the holder.

Share Appreciation Rights fair value assumptions	21 December 2016	8 December 2017	12 December 2018
Fair value at measurement date	15.1 cents	12.4 cents	14.5 cents
Share price	29.78 cents	29.5 cents	43.5 cents
Risk free interest rate	1.575%	1.94%	1.95%
Expected volatility	56%	56%	49%
Dividend yield	0%	0%	0%
Performance Rights fair value assumptions	21 December 2016	8 December 2017	12 December 2018
Fair value at measurement date	28.3 cents	22.4 cents	30.0 cents
Share price	34.5 cents	29.5 cents	43.5 cents
Risk free interest rate	1.88%	1.94%	1.95%
Expected volatility	56%	56%	49%
Dividend yield	0%	0%	0%

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

26. Share based payments continued

Accounting Policy

The Group provides benefits to employees of the Group in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ("equity-settled transactions").

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 the Black-Scholes methodology to produce a Monte-Carlo simulation model that takes into account the exercise price, the vesting period, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the performance right or share appreciation right, 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 vesting period. The fair value of the performance rights and share appreciation rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

The volatility assumption is based on the actual volatility of Cooper Energy's daily closing share price over the three-year period to the valuation date.

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.

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 performance rights and share appreciation rights is reflected as additional share dilution in the computation of diluted earnings per share.

Significant Accounting Judgements, Estimates and Assumptions

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 valuation expert using the calculation criteria.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

27. Related party disclosures

The Group has a related party relationship with its joint arrangements (Note 22), its subsidiaries (Note 23), and its key management personnel (disclosure below).

The key management personnel's remuneration included in General Administration (see Note 2) is as follows:

	2019 \$	2018 \$
Short-term benefits	6,038,132	5,905,751
Other long-term benefits	105,207	108,807
Post-employment benefits	225,178	220,058
Performance Rights and Share Appreciation Rights	2,122,499	1,825,974
Total	8,491,016	8,060,590

28. Remuneration of Auditors

	2019 \$	2018 \$
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	390,425	330,000
Taxation and other services	130,150	79,702
Services in relation to one off transactions	63,500	92,485
	584,075	502,187

29. Events after the reporting period

There are no significant events subsequent to 30 June 2019 at the date of this report.

Directors' Declaration

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

1. 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 2019 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 the Basis of Preparation; and
 - (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.
2. 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 2019.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 23 will be able to meet any obligations or liabilities to which they are, or may become subject, by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors.



Mr John C. Conde AO
Chairman

12 August 2019



Mr David P. Maxwell
Managing Director

Independent Auditor's Report to the Members of Cooper Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cooper Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Estimation of oil and gas reserves and resources

Why significant

Estimation of oil and gas reserves and resources requires significant judgement and the use of assumptions by the Group, as outlined in the notes to the financial statements within the section on significant accounting judgements, estimates and assumptions on page 37 of the Group's financial report. These estimates can have a material impact on the financial statements, primarily in the following areas:

- ▶ capitalisation and classification of expenditure as exploration and evaluation (E&E) assets (note 12) or oil and gas assets (note 13);
- ▶ valuation of assets and impairment testing (note 14);
- ▶ calculation of amortisation of oil and gas assets (note 13) and depreciation of property, plant and equipment (note 10); and
- ▶ estimation of the timing of restoration activities (note 15).

How our audit addressed the key audit matter

Our audit procedures focused on the work of the Group's experts with respect to the hydrocarbon reserve estimations.

Our procedures included the following:

- ▶ assessed the qualifications, competence and objectivity of the Groups' internal and external experts involved in the estimation process.
- ▶ evaluated the adequacy of the experts' work to determine if the work undertaken was appropriate.
- ▶ assessed controls over the estimation process employed by the Group.
- ▶ assessed whether key economic assumptions used in the estimation of reserves and resources volumes were consistent with those utilised by the Group in the impairment testing of exploration and evaluation and oil and gas assets, where applicable.
- ▶ analysed the reasons for reserve revisions, or the absence of reserves revisions where expected, and assessed movements in reserves for consistency with other information that we obtained throughout the audit.
- ▶ ensured the reserves and resources volumes used in the determination of information recorded in the financial statements, such as the calculation of amortisation of oil and gas assets and depreciation of property, plant and equipment, valuation of assets and impairment testing, and the calculation of restoration provisions, were consistent with those addressed through these procedures.

2. Impairment assessment of oil and gas assets

Why significant

Australian Accounting Standards require the Group to assess throughout the reporting period whether there is any indication that an asset may be impaired, or that reversal of a previously recognised impairment may be required. If any such indications exist, the Group shall estimate the recoverable amount of the asset. An asset is also required to be tested for impairment immediately before an exploration and evaluation asset is transferred to assets in development.

Impairment indicators were present during the period for certain cash generating units (CGUs), and impairment testing was undertaken where required. The Group's testing determined that no impairment of oil and gas assets was required.

The impairment testing process is complex and highly judgemental and is based on assumptions and estimates that are affected by expected future performance and market conditions. Key assumptions, judgements and estimates used in the formulation of the Group's impairment of oil and gas assets are set out in the financial report (note 14).

How our audit addressed the key audit matter

We evaluated the assumptions and methodologies used by the Group and the estimates made. In particular we considered those estimates and judgements relating to the forecast cash flows and the inputs used to formulate those cash flows, such as discount rates, reserves and resources, operating and capital costs, commodity prices and foreign exchange rates.

We involved our valuation specialists to assist in these procedures, where appropriate. Our audit procedures were undertaken across all significant CGUs, with the extent of procedures commensurate with the level of impairment risk.

Specifically, we evaluated the discounted cash flow models and other data supporting the Group's assessment for those CGUs where impairment indicators were present. In doing so, we:

- ▶ understood future production profiles compared to latest reserves and resources estimates, as outlined in the key audit matter above, current approved budgets and forecasts and historical performance, where relevant.
- ▶ evaluated commodity price assumptions with reference to contractual arrangements, market prices (where available), broker consensus, analyst views, market regulators and historical performance.
- ▶ evaluated discount rates and foreign exchange rates with reference to risk free rates, market indices, market risk, company and project risk, applicable tax rates, market expectations, and historical performance.
- ▶ compared future operating and capital expenditure to current approved budgets, forecasts, contractual arrangements and historical expenditure, and ensured variations were in accordance with our expectations based upon other information obtained throughout the audit.
- ▶ examined the reasons for changes to recoverable amounts relative to previous impairment assessments.
- ▶ tested the mathematical accuracy of the Group's discounted cash flow models.

We also considered the adequacy of the financial report disclosures regarding assumptions, key estimates and judgements applied by management with respect to the impairment assessments.

3. Restoration provisions

Why significant

The Group has recognised restoration provisions of \$286.2 million at 30 June 2019 which are disclosed in note 15 of the Group's financial report.

The calculation of restoration provisions made by the Group is conducted using both internal and external specialist engineers. These calculations require judgement in respect of asset lives, timing of restoration work being undertaken, environmental legislative requirements, the extent of restoration activities required and future restoration costs.

How our audit addressed the key audit matter

Our audit procedures focused on the work of the Group's experts and included the following:

- ▶ assessed the qualifications, competence and objectivity of both the Group's internal and external experts involved in the estimation process.
- ▶ evaluated the adequacy of the expert's work to determine whether their work was appropriate, including understanding the basis for forecast cost assumptions for restoration.
- ▶ assessed the effectiveness of relevant controls over the Group's restoration provision estimation process.
- ▶ tested the consistency of the application of principles and assumptions to other areas of the audit, such as reserves estimation and impairment testing.
- ▶ tested the mathematical accuracy of the net present value calculations and considered the appropriateness of the discount rate applied in the calculation.
- ▶ assessed the Group's disclosures in respect of the restoration provisions.

4. Accounting for deferred tax and Petroleum Resource Rent Tax

Why significant

The Group has recognised a net deferred tax asset of \$20.8 million at 30 June 2019 in respect of corporate income tax. In arriving at the net deferred tax asset, consideration has been given to temporary differences arising on assets and liabilities, and carry forward losses in respect of corporate income tax, which are available for offset against amounts payable in future periods.

The Group has interests in a number of assets subject to the Australian Petroleum Resource Rent Tax ("PRRT") regime. The Group has recognised a net deferred tax liability of \$16.3 million at 30 June 2019. Deferred tax assets in respect of the PRRT regime, arising due to carried forward undeducted expenditure, have not been recognised in relation to a number of assets.

The determination of the quantum, likelihood and timing of the realisation of deferred tax assets arising from corporate income taxes and PRRT is complex and judgemental. The Group's accounting policies and disclosures regarding PRRT and income taxes are included in the financial report. Further details are set out in note 3 to the financial report.

How our audit addressed the key audit matter

We assessed the Group's determination of tax payable now and in the future. We involved our taxation specialists to assist in this assessment.

We assessed the application of the methodologies used, and the judgements involved in estimating the utilisation of deferred tax benefits in the future, and in assessing the offsetting of corporate income tax deferred tax assets and liabilities.

We assessed the estimation of future taxable income, the interpretation of PRRT and income tax legislation and the consistency in the application of forecast performance with other forecasts made, such as in the Group's impairment testing and corporate modelling.

We assessed the Group's disclosures in respect of PRRT and income taxes which are included in note 3 to the financial report.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Company's 30 June 2019 Annual Report, but does not include the financial report and our auditor's report thereon. We obtained the Directors' Report and the Overall Financial Review that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

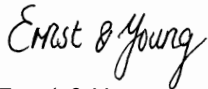
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 30 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Cooper Energy Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



Ernst & Young



L A Carr
Partner
Adelaide
12 August 2019

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

As lead auditor for the audit of the financial report of Cooper Energy Limited for the financial year ended 30 June 2019, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



Ernst & Young



L A Carr
Partner
Adelaide
12 August 2019

Abbreviations and Terms

This Report uses terms and abbreviations relevant to the Group, its accounts and the petroleum industry.

The terms “the Company” and “Cooper Energy” and “the Group” are used in the report to refer to Cooper Energy Limited and/or its subsidiaries. The terms “2019”, or “2019 financial year” refer to the 12 months ended 30 June 2019 unless otherwise stated. References to “2018”, or other years refer to the 12 months ended 30 June of that year.

\$: Australian dollars unless specified otherwise

bbls: barrels of oil

boe: barrels of oil equivalent

EBITDA: earnings before interest, tax, depreciation and amortisation

HSEC: health, safety, environment and community

kbbl: thousand barrels of oil

LTI: lost time injury

LTIFR: lost time injury frequency rate: lost time injuries per million hours worked

MMbbl: million barrels of oil

MMboe: million barrels of oil equivalent

NPAT: net profit after tax

PJ: petajoules

TJ: terajoules

TRCFR: Total Recordable Case Frequency Rate. Recordable cases per million hours worked

VWAP: volume weighted average price

2P: Best Estimate of Reserves. The sum of Proved plus Probable Reserves

2C: Best Estimate of Contingent Resources

Directors

John C Conde AO, Chairman
David P Maxwell
Elizabeth A Donaghey
Hector M Gordon
Jeffrey W Schneider
Alice J Williams

Company Secretary

Alison Evans (resigned 9 August 2019)
Amelia Jalleh (appointed 9 August 2019)

Registered Office and Business Address

Level 8, 70 Franklin Street
Adelaide, South Australia 5000

Telephone: +618 8100 4900
Facsimile: +618 8100 4997
Email: customerservice@cooperenergy.com.au
Website: www.cooperenergy.com.au

Auditors

Ernst & Young
121 King William Street
Adelaide, South Australia 5000

Solicitors

Johnson Winter & Slattery
Level 9, 211 Victoria Square
Adelaide, South Australia 5000

Bankers

ABN AMRO Bank N.V., Singapore Branch
Level 26 One Raffles Quay South Tower
Singapore 048583

Australia and New Zealand Banking Group
Level 20, 242 Pitt Street
Sydney, New South Wales 2000

ING Bank N.V.
Level 31, 60 Margaret Street
Sydney NSW 2000

National Australia Bank Limited
Level 32, 500 Bourke Street
Melbourne VIC 3000

Natixis, Hong Kong Branch
Level 72, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Share Registry

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide, South Australia 5000
Website: investorcentre.com/au

Telephone:
Australia 1300 655 248
International +61 3 9415 4887
Facsimile: +61 3 9473 2500