



COOPER ENERGY LIMITED
And its controlled entities

ABN 93 096 170 295

FINANCIAL REPORT

30 June 2017

Appendix 4E

Preliminary Final Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	30 June 2017 30 June 2016

Results for announcement to the market

	Percentage Change %	Amount \$'000 2017	Amount \$'000 2016
Revenue from ordinary activities	71.0%	\$34,648	\$20,257
Net Loss after tax from continuing operations	45.6%	-\$9,847	-\$18,088
Total loss for the period attributable to members	64.7%	-\$12,312	-\$34,839
Net tangible assets per share (inclusive of exploration and development expenditure capitalised)		25.0 cents	21.0 cents

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

Review and Results of Operations

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

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Operating and Financial Review

For the year ended 30 June 2017

Summary Overview

Cooper Energy has concluded the 2017 financial year ("FY17" or "the year") having fundamentally changed its revenue profile, size, asset portfolio and geographical focus and capital structure.

The Company is now focussed entirely on Australia and generates the majority of its income from gas production in south-east Australia. Gas also accounts for the majority of the Company's expanded reserves and resources base. Annual production increased 109% and is expected to grow by approximately five times in three years to 2020 through projects that are currently in development.

Market capitalisation of \$433 million at 30 June compares with the corresponding figure of \$96 million at the commencement of the year. This development can be attributed to four milestone events completed under the Company's strategy to focus on Australia and in particular gas:

- the acquisition of gas production, exploration and development assets in the Otway and Gippsland basins, offshore Victoria. The assets acquired saw Cooper Energy assume 100% ownership of the Sole gas field and Orbest Gas Plant and 50% ownership of the offshore Otway Basin assets;
- agreement with APA Group, whereby they will acquire, upgrade and operate the Orbest Gas Plant to process gas from the Sole gas field;
- Board approval of the Sole gas project as ready to proceed in March 2017 with the final investment decision (FID) made by the Board subsequent to 30 June 2017 as a result of significant advancements towards achieving full funding of the project; and
- concentration of the Company's portfolio on Australia with the sale of remaining Indonesian assets and withdrawal from Tunisia.

Cooper Energy has now completed the establishment phase of its strategy to build a gas business around a portfolio of gas projects and supply contracts focussed on south-east Australia. The Company's portfolio now encompasses a mixture of gas supply contracts, market competitive producing assets, plant, development projects underway and under consideration, and well-located exploration acreage with an inventory of attractive prospects. These assets have the capacity to generate growth in reserves, production and revenue for several years.

The financial significance of the year's progress is only partially evident in the accounts for the twelve months to 30 June, initially because the acquisition of producing assets was effective from 1 January 2017 and, more significantly, because the greatest uplift in revenue generation is forecast to occur from the closing six months of FY19. The accounts are thus those of a transition year, incorporating a half-year's production from the acquired gas assets, and contract, portfolio and capital management initiatives associated with the Sole gas project that were still in progress at 30 June.

The Company recorded a statutory loss for the period of \$12.3 million, of which \$3.6 million is due to significant items, mainly impairments recorded against Indonesian assets held for sale and penalty provisions associated with the Company's exit from Tunisia. Exclusive of these significant items, Cooper Energy recorded an underlying loss of \$8.7 million. Analysis of these and other results, including comparison with previous periods, appears under the heading 'Financial Performance' later in this report.

Operations

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

- offshore gas and gas liquids production in the Otway Basin, Victoria, from the Casino Henry and Minerva gas assets;
- onshore oil production and exploration from the western flank of the Cooper Basin;
- development projects in the Gippsland Basin to supply gas to south-east Australia;
- onshore and offshore gas exploration in the Otway Basin; and
- offshore gas exploration in the Gippsland Basin.

The Company has Operator responsibilities for offshore gas production and exploration in the Otway Basin and offshore gas exploration and development in the Gippsland Basin.

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At 30 June 2017 the Company had 26.9 full time equivalent (FTE) employees and 14.1 FTE contractors compared with 20.1 FTE employees and 3.6 FTE contractors at the beginning of the year. FTE and contractor numbers increased after year end with the assumption of operator responsibilities from Santos effective from 1 July 2017. Headcount at that date was 31.6 FTE employees and 45.6 FTE contractors.

Safety

A single recordable case injury occurred during the period, resulting in a Total Recordable Case Frequency Rate (TRCFR) of 1.98 for the 12 months to 30 June 2017 which is better than industry average. No lost time incidents were recorded.

Production

Cooper Energy produced 0.96 million barrels of oil equivalent (MMboe) in FY17, comprising 4.0 PJ of gas and 0.28 million barrels (MMbbl) of crude oil and condensate, which compares to the previous year's production of 0.46 MMbbl of oil. The movement in oil volume between periods is attributable to the divestment of Indonesian operations effective from 30 September 2016 and lower production from the Cooper Basin, where the suspension of drilling in the previous year was reflected in lower output. Results achieved from the resumption of drilling in the Cooper Basin during FY17 are expected to maintain production levels in FY18.

Reserves and resources

Reserves and Contingent Resources as at 30 June 2017 were reported to the ASX on 29 August 2017.

Proved and Probable ("2P") Reserves at 30 June totalled 11.7 MMboe compared with 3.0 MMboe twelve months earlier. The principal factors in the movement were:

- addition of 10.6 MMboe from the acquisition of the Casino Henry and Minerva gas assets;
- revisions to Cooper Basin 2P oil reserves that resulted in net 0.8 MMbbl upgrade to estimates. The major contributor to this upgrade was reserves upgrades for the Callawonga field following the successful 5-well drilling campaign during the year;
- removal of 1.7 MMboe attributable to Indonesian operations divested during the year; and
- production of 0.96 MMboe.

Contingent Resources (2C) at 30 June were 78 MMboe, 23% higher than at the beginning of the year. The movement in Contingent Resources is the result of:

- the addition of 21.9 MMboe in the Sole gas field through acquisition of the 50% interest not held previously;
- addition of 3.2 MMboe in the Otway Basin through recognition of Cooper Energy's share of the Black Watch gas field, VIC/RL11 and VIC/RL12 and through plant inlet pressure reductions at the Iona Gas Plant;
- removal of 17.4MMboe attributable to Tunisian and Indonesian interests divested during the year; and
- a net increase in Cooper Basin Contingent Resources.

Gas marketing

The development, contracting and supply of gas to south-east Australia is a core element of the Company's strategy to create value for its shareholders. The marketing of this gas is being conducted to optimise returns whilst assuring cash flow and revenue through contracting a base load of gas under longer term contracts and marketing the balance in a mixture of shorter term agreements.

The objective of the Company's gas marketing efforts in FY17 was to contract sufficient gas from the Sole gas field necessary to support financing of development. This objective was achieved in January 2017 at which point 180 PJ of the Company's 249 PJ 2C Resource had been contracted to a portfolio of gas buyers including AGL Energy, EnergyAustralia, Alinta Energy and O-I Australia. It is expected that marketing of uncontracted gas from Sole will be pursued once the Sole finance arrangements are finalised.

The Company also holds uncontracted gas at Casino Henry (52PJ of 2P Reserves) and Manta (106 PJ 2C Resources). Marketing of uncontracted gas from Casino Henry is now underway. Marketing of Manta gas will be coordinated with the development plans for the field.

Exploration and development

Otway Basin

The Company holds offshore and onshore interests in the Otway Basin, the most significant of which are the Casino Henry and Minerva gas projects and the VIC/P44 exploration permit located offshore Victoria. Interests are held in onshore acreage in South Australia and Victoria, with activity in the latter suspended due to the Victorian government's moratorium on onshore gas exploration.

Transfer of operatorship and the majority of the titles in relation to the offshore Otway Basin acreage occurred subsequent to year end. Transfer of title for a few of the pipeline licences is pending approval from the relevant regulators.

Gippsland Basin

Commercialisation of the Company's gas resources in the Gippsland Basin is a principal element of the Company's growth strategy. The Company's interests in the region comprise:

- a 100% interest in VIC/L32, which holds the Sole gas field;
- a 100 % interest in VIC/RL13, VIC/RL14 and VIC/RL15, which holds the Manta gas field. Manta is assessed to contain 2C Resources of 106 PJ of gas and 3.2 MMbbl of liquids as well as hydrocarbon potential in deeper reservoirs; and
- a 100% interest in VIC/RL22 which contains the largely depleted and shut-in Patricia-Baleen gas field, and infrastructure offering connection to the Orbost Gas Plant.

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

Sole gas project

The Sole gas project comprises:

- an offshore development to be conducted by Cooper Energy comprising the drilling and completion of two production wells, the installation of gas pipeline and control umbilicals to connect field; operations to the Orbost Gas Plant via a horizontally drilled shore crossing. Abandonment of the Sole-2 appraisal well will also be conducted; and
- an onshore development comprising the upgrade of the Orbost Gas Plant by APA Group to process gas from Sole.

The project schedule is for the delivery of first gas from the field into the upgraded plant in March 2019 and supply of sales gas from the plant from around June 2019.

Work on the offshore project to date has concentrated on the shore crossing and finalisation of the planning and preparations for further work which is scheduled to commence in the FY18 second half with drilling operations.

The offshore development is estimated to involve capital expenditure of \$355 million, approximately 62% of which is under fixed price contracts.

Manta gas project

It is intended the Manta gas and liquids field be developed to utilise economies available through integration with Sole and, potentially, the Patricia-Baleen gas field and pipeline.

Commercialisation of the gas field was found to be economically feasible in 2015 by a formal business case study and a development concept involving subsea wellheads for the production of gas and gas liquids through connection to the Orbost Gas Plant by either a direct pipeline or via connection to the Patricia-Baleen gas field and pipeline.

Events during FY17 have enhanced the economics and certainty of Manta project development:

- gas market forecasts indicate a tighter gas supply outlook for south-east Australia and the level of enquiry and prices on offer from buyers has increased;

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- development costs have been ascertained to have reduced substantially through the process of price discovery and tendering for the Sole gas project. Development costs for Manta are now estimated to be \$309 million;
- access and terms for processing of Manta gas at the Orbest Gas Plant has been agreed with the proposed plant owner APA Group; and
- Cooper Energy's acquisition of the Patricia-Baleen gas field and the pipeline linking the field with the Orbest Gas Plant.

It is expected that a firm development plan for the field will be completed following the results from drilling Manta-3, which is proposed to appraise the known gas-bearing reservoirs and test prospective resources in deeper reservoirs underlying those previously drilled.

Cooper Basin

Drilling activity, which had been suspended in FY16 due to the low oil price environment, recommenced during the year. A total of nine wells were spudded in the Company's Cooper Basin acreage. Of the nine wells drilled, seven were successful development wells and were cased and suspended. The final five of these wells, which also had appraisal objectives, were drilled on the Callawonga oil field to address the McKinlay Member sandstone which has hitherto been lightly exploited. The success of this program has been reflected in upgrades to reserves estimates and investigation of a possible further drilling program in the new calendar year.

The remaining wells, Penneshaw-1, an oil exploration well in PRL 87, and Butlers-9, an oil appraisal well in PPL 245, were plugged and abandoned.

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Financial Performance

Cooper Energy recorded a statutory loss after tax of \$12.3 million for the financial year which compares with the loss after tax of \$34.8 million recorded in the 2016 financial year. The 2017 statutory loss includes a number of items which adversely affected the loss after tax by a total of \$3.6 million. These items principally comprise impairments to the Indonesian oil property assets held for sale and a provision for the exit of the Hammamet permit in Tunisia (both included in discontinued operations).

Financial Performance		FY17	FY16	Change	%
Sales volume	MMboe	0.951	0.451	0.500	111%
Sales revenue	\$ million	39.1	27.4	11.7	43%
Gross profit	\$ million	16.6	9.9	6.7	68%
Gross profit / Sales revenue	%	42.5	36.1	6.4	18%
Operating cash flow	\$ million	4.1	7.9	-3.8	-48%
Reported loss	\$ million	-12.3	-34.8	22.5	65%
Underlying loss	\$ million	-8.7	-2.8	-5.9	-211%
Underlying EBITDA*	\$ million	5.3	1.2	4.1	342%
* Earnings before interest, tax, depreciation and amortisation					

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

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

The underlying loss after tax (exclusive of impairments to the Indonesian oil property assets, gain on sale of the Indonesian subsidiary and Tunisian exit provision) was \$8.7 million, compared with an underlying loss after tax of \$2.8 million in the 2016 financial year. The factors which contributed to the movement between the periods were:

- higher sales revenue of \$11.7 million as a result of gas produced from the assets acquired during the period;
- higher amortisation costs, \$5.8 million, mainly due to amortisation on gas assets acquired;
- higher exploration and evaluation expenditure written off, \$1.9 million, due to unsuccessful wells drilled in the 2017 financial year;
- higher non-cash finance costs and restoration expenses of \$2.3 million, due to rehabilitation relating to the assets acquired during the period;
- higher general administration and other costs of \$3.9 million, due to integration costs brought about by the acquisition of the Victorian assets, consulting and new venture costs, costs associated with the closure of discontinued operations and increased staff costs; and
- higher tax expense of \$4.2 million including PRRT payments made in respect of the Company's producing gas assets.

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For the year ended 30 June 2017

Financial Position

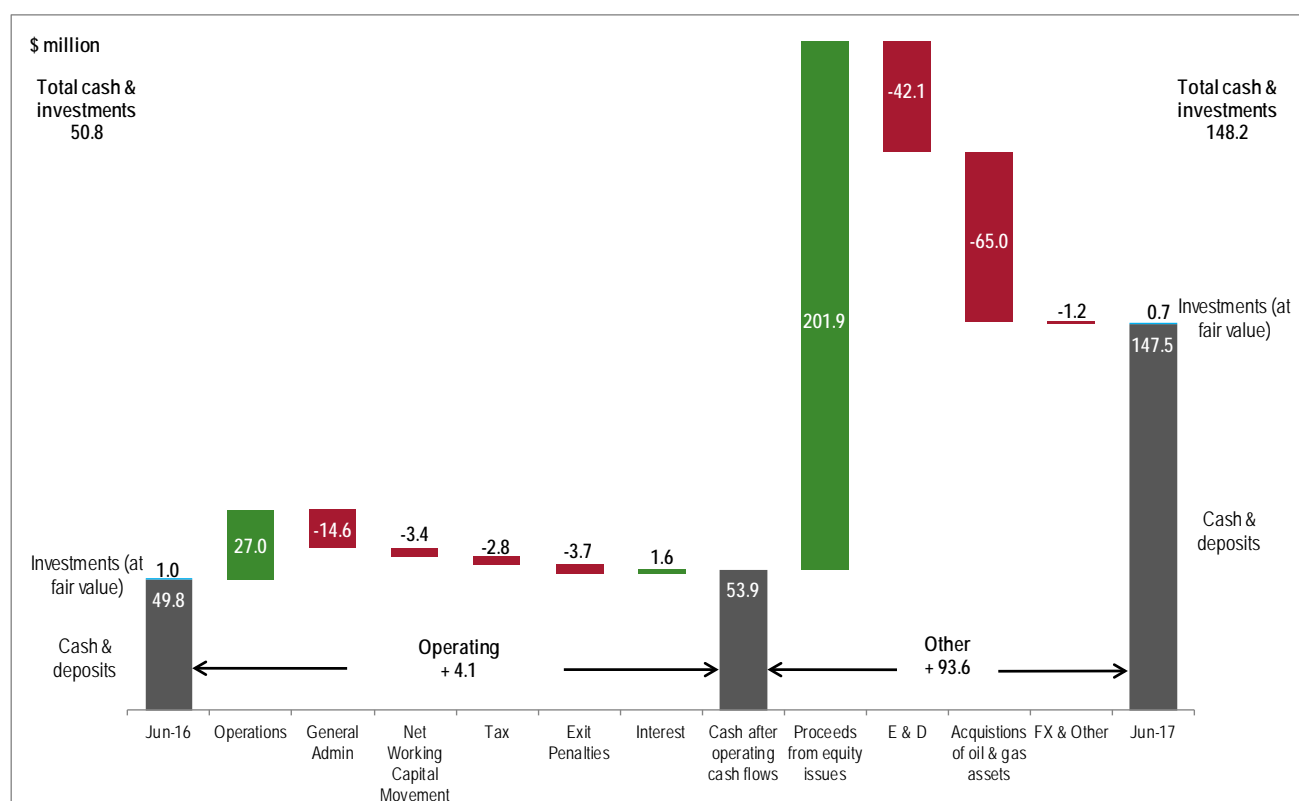
Financial Position		FY17	FY16	Change	%
Total assets	\$ million	492.6	176.3	316.3	179%
Total liabilities	\$ million	207.6	84.8	122.8	145%
Total equity	\$ million	285.0	91.6	193.4	211%

Assets

Total assets increased by \$316.3 million from \$176.3 million to \$492.6 million.

At 30 June the Company held cash and deposit balances of \$147.5 million, equity investments of \$0.7 million and no debt.

Cash and deposit balances increased by \$97.7 million over the period after net proceeds from equity issues of \$201.9 million and cash flows from operations of \$4.1 million partially offset by the acquisition of the Victorian gas assets of \$65.0 million and funding exploration and development expenditure of \$42.3 million as summarised in the chart below.



Exploration and evaluation assets increased \$112.3 million from \$111.0 million to \$223.3 million as a result of expenditure on Gippsland Basin assets and the acquisition of the Victorian exploration gas assets.

Oil and gas assets increased by \$64.0 million from \$5.4 million to \$69.4 million mainly as a result of the acquisition of the Victorian gas assets and capital expenditure incurred on development activities in the Cooper Basin.

Trade and other receivables increased \$10.5 million from \$3.4 million to \$13.9 million, mainly due to the timing of sales revenue receipts and consideration receivable for the sale of Sukananti to the Company's associate.

Total Liabilities

Total liabilities increased by \$112.8 million from \$84.8 million to \$207.6 million.

Trade and other payables increased \$50.5 million from \$8.0 million to \$58.5 million mainly due to \$20.0 million of contingent consideration payable for the Victorian gas asset acquisition and accrued costs relating to capital expenditure.

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Provisions increased by \$49.4 million from \$69.6 million to \$119.0 million due to rehabilitation provisions assumed on acquisition of the Victorian gas assets.

Total Equity

Total equity has increased by \$193.4 million from \$91.6 million to \$285.0 million. In comparing equity for the period to the prior corresponding period the key movements were:

- higher contributed equity of \$205.6 million due to shares issued from equity raisings and shares issued on vesting of performance rights during the period; and
- higher reserves of \$0.2 million mainly due to the issue of equity incentives to employees partially offset by fair value movements in the Company's oil price options and swaps for which cash flow hedge relationships apply; offset in part by
- higher accumulated losses of \$12.3 million due to the reported loss for the period.

Business Strategies and Prospects

Since 2012 Cooper Energy has been pursuing a strategy aimed at concentrating the Company's efforts and resources on building a gas business that can participate in gas supply opportunities foreseen arising in south-east Australia. The progress made in FY17 has taken Cooper Energy to the point where it has the portfolio of gas reserves and resources, development projects and gas contracts to fulfil this strategy and to record substantial growth in production revenue and shareholder value through its execution.

This will be achieved through:

- conducting operations safely and with due care for the employees, communities and environments in which we operate;
- increasing revenue and margin generation from existing gas operations in the Otway Basin through contracting and portfolio management of uncontracted gas and improved operational outcomes;
- efficient and value-accretive development and production of oil and gas from existing operations in the Cooper Basin;
- value-adding to the Manta gas project through the drilling of the Manta-3 appraisal and exploration well and progression of the development proposal to the point of commitment;
- assessment, exploration and appraisal of the attractive gas prospects in the Company's offshore acreage; VIC/P44 in particular is highly prospective for gas and presents favourable development economics through the proximity of pipeline and processing infrastructure;
- the addition of new production brought by completion of the Sole gas project to commence supply from mid-2019; and
- vigilance for value-accretive growth opportunities that meet the Company's acquisition criteria, in particular value creation through application of Cooper Energy's gas commercialisation and/or offshore operator credentials.

Market conditions are supportive of the Company's prospects for executing and generating value from its strategy. Gas supply to south-east Australia is anticipated to remain tight and the Company's uncontracted gas in the Otway and Gippsland basins continues to attract enquiries and interest from gas buyers.

Acquisition opportunities will be assessed for their capacity to generate value for shareholders, subject to the Company's stated key investment criteria:

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

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Outlook

Cooper Energy anticipates production of approximately 1.4 MMboe from its operations in FY18. The large majority of this figure is forecast to come from Otway Basin gas production with approximately 0.2 MMboe from the Cooper Basin oil production.

The Company continues to manage general and administration costs tightly while advancing commercialisation of the Gippsland Basin gas projects. General and administration cost estimates for FY18 are now expected to be approximately \$14 million.

Capital expenditure guidance for FY18 is for cash expenditure of approximately \$224 million accounted for by:

- Gippsland Basin expenditure of \$204 million, chiefly being development expenditure of \$203 million on the Sole gas project;
- Otway Basin expenditure of \$9 million being development expenditure, the major item of which is workover of the Casino-5 production well;
- Cooper Basin expenditure of \$7 million, including the drilling of 3 exploration wells, the drilling of 5 development wells, and field connections and facilities upgrade at Callawonga; and
- other expenditure of approximately \$4 million.

As at 30 June the Company had oil price hedge arrangements in place for 0.03 MMbbl over the next 6 months. In respect of the balance of FY18, the effect of the positions taken is that approximately 27% of the Company's first half oil production is hedged at an average floor price of A\$54.45/bbl. The Company does not currently hedge for gas price or foreign currency exchange risk.

Funding and Capital Management

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

At 30 June the Company had cash, deposits and investments of \$148.2 million. On 29 August 2017 the Company announced a fully underwritten accelerated non renounceable entitlement offer to raise approximately \$135.0 million, subject to standard market terms. On this date, the Company also announced its execution of binding underwritten commitments for \$250.0 million under a senior reserve based lending facility to be used for the purposes of debt funding a portion of the Sole gas field development costs. Further information is detailed in Notes 7 and 30 of the Financial Statements.

Risk Management

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

Key risks which may materially impact the execution and achievement of the business strategies and prospects for Cooper Energy are summarised below and are risks largely inherent in the oil and gas industry. This should not be taken to be a complete or exhaustive list of risks nor are risks disclosed in any particular order. Many of the risks are outside the control of the Company and its officers.

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

	Risk	Description
1	Exploration	Exploration is a speculative activity with an associated risk of discovery to find any 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.

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	Risk	Description
		Cooper Energy utilises established methodologies and experienced personnel to evaluate prospects and manage the risk associated with exploration. The Company also ensures that all major decisions are subjected to assurance reviews which includes external experts and contractors where appropriate.
2	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 experts and contractors where appropriate.</p>
3	Regulatory	<p>Cooper Energy operates in a highly regulated environment. Cooper Energy endeavours to comply with the regulatory authorities requirements. There is a risk that regulatory approvals are withheld, take longer than expected or unforeseen circumstance arise where requirements are not met and costs may be incurred to remediate non compliance and/or obtain approval(s). Changes in 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 all stakeholder concerns are addressed fairly and managed. Policies and procedures are independently reviewed and audited to help ensure they are appropriate and comply with all regulatory requirements.</p>
4	Market	<p>The 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 monitors developments and changes in the international oil and domestic gas market and conducts regular risk assessments to enable the Company to be best placed to address changes in market conditions.</p>
5	Oil and gas prices	<p>Future value, growth and financial condition 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>
6	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>
7	Counterparties	The ability of the Company to achieve its stated objectives will depend on the performance of the counterparties under various agreements 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.

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	Risk	Description
		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.
8	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>Reserve management is consistent with the definitions and guidelines in the Society of Petroleum Engineers 2007 Petroleum Resources Management Systems. The assessment of Reserves and Resources is also subject to independent review from time to time.</p>
9	Environmental	<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 health, safety, environment and community which includes standards for asset reliability and integrity, as well as technical and operational competency and requirements.</p>
10	Funding	<p>Cooper Energy must undertake significant capital expenditures in order to conduct its development appraisal and exploration activities. Limitations on the accessing 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 that the best source of funding to maximise shareholder benefits and having regard to prudent risk management is obtained and is supported by economic and commercial analysis of all business undertakings.</p>
11	Abandonment 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 the construction of the facility and conducts a review on an annual basis. Any changes to the estimates of the provisions for restoration are recognised in line with accounting standards.</p>

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Reconciliations for net loss to Underlying net loss and Underlying EBITDA

Reconciliation to Underlying loss		FY17	FY16	Change	%
Net loss after income tax	\$ million	-12.3	-34.8	22.5	65%
Adjusted for:					
Impairment of discontinued operations	\$ million	1.0	13.0	-12.0	-92%
Exit provision	\$ million	4.0	3.7	0.3	8%
Impairment of exploration and evaluation	\$ million	0.0	21.7	-21.7	-100%
Impairment of investment in associate	\$ million	0.0	0.2	-0.2	-100%
Gain on sale of subsidiary	\$ million	-1.4	0.0	-1.4	-100%
Tax impact of above changes	\$ million	0.0	-6.5	6.5	100%
Underlying loss	\$ million	-8.7	-2.8	-5.9	-211%
Reconciliation to Underlying EBITDA*		FY17	FY16	Change	%
Underlying loss	\$ million	-8.7	-2.8	-5.9	-211%
Add back:					
Interest revenue	\$ million	-1.6	-0.8	-0.8	-100%
Accretion expense	\$ million	2.5	1.4	1.1	79%
Tax expense / (benefit)	\$ million	2.9	-1.2	4.1	342%
Depreciation	\$ million	0.3	0.5	-0.2	-40%
Amortisation	\$ million	9.8	4.1	5.7	139%
Underlying EBITDA*	\$ million	5.3	1.2	4.1	342%

* Earnings before interest, tax, depreciation and amortisation

Reconciliations of other measures to the Financial Statements

Reconciliation to sales volumes		FY17	FY16	Change	%
Continuing operations	MMboe	0.873	0.311	0.562	181%
Add back: Indonesia held for sale / discontinued operations	MMboe	0.078	0.140	-0.062	-44%
Sales volume	MMboe	0.951	0.451	0.500	111%
Reconciliation to sales revenue		FY17	FY16	Change	%
Continuing operations	\$ million	34.6	20.3	14.3	70%
Add back: Indonesia held for sale / discontinued operations	\$ million	4.5	7.2	-2.7	-38%
Sales revenue	\$ million	39.1	27.4	11.7	43%
Reconciliation to gross profit		FY17	FY16	Change	%
Continuing operations	\$ million	14.6	8.1	6.5	80%
Add back: Indonesia held for sale / discontinued operations	\$ million	1.9	1.8	0.1	6%
Gross profit	\$ million	16.5	9.9	6.6	67%
Reconciliation to gross profit / sales revenue		FY17	FY16	Change	%
Continuing operations	%	42.2	39.9	2.3	6%
Add back: Indonesia held for sale / discontinued operations	%	42.2	25.0	17.2	69%
Gross profit / Sales revenue	%	42.2	36.1	6.1	17%
Reconciliation to production expenses and royalties		FY17	FY16	Change	%
Continuing operations	\$ million	10.2	9.3	0.9	10%
Add back: Indonesia held for sale / discontinued operations	\$ million	2.5	4.1	-1.6	-39%
Production expenses and royalties	\$ million	12.7	13.4	-0.7	-5%
Reconciliation to amortisation		FY17	FY16	Change	%
Continuing operations	\$ million	9.8	2.9	6.9	238%
Add back: Indonesia held for sale / discontinued operations	\$ million	0.1	1.2	-1.1	-92%
Amortisation	\$ million	9.9	4.1	5.8	141%

Operating and Financial Review

For the year ended 30 June 2017

Reconciliations of other measures to the Financial Statements continued

Reconciliation to general administration		FY17	FY16	Change	%
Continuing operations	\$ million	15.4	10.8	4.6	43%
Add back: Indonesia held for sale / discontinued operations	\$ million	0.4	0.9	-0.5	-56%
General administration	\$ million	15.8	11.7	4.1	35%
Reconciliation to tax benefit		FY17	FY16	Change	%
Continuing operations	\$ million	-2.8	7.9	-10.7	-135%
Tax impact of adjustments to underlying loss	\$ million	0.0	-6.5	6.5	-100%
Add back: Indonesia held for sale / discontinued operations	\$ million	-0.1	-0.2	0.1	-50%
Tax benefit / (expense)	\$ million	-2.9	1.2	-4.1	-342%

Director's Statutory Report

For the year ended 30 June 2017

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 2017, 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 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 Bupa Australia (since 2008) and 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 Destination NSW (2011 – 2014) and the Sydney Symphony Orchestra (2007 – 2015) and is a former director of AFC Asian Cup (2015) (2012 – 2015). Special Responsibilities Mr Conde is Chairman of the Board of Directors. During the reporting period he was a member of the Remuneration and Nomination Committee and the Audit and Risk Committee. From 1 July 2017, the duties of the Audit and Risk Committee were separated into two stand-alone committees being the Audit Committee and the Risk and Sustainability Committee. Mr Conde is a member of the Audit Committee.
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. 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 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 various wholly owned subsidiaries of the Company.

Special Responsibilities

As a part time executive of the Company, Mr Gordon was responsible for overseeing exploration and production activities and providing technical expertise in these areas. After he ceased being an executive director at the end of the term of his executive services agreement on 23 June 2017, Mr Gordon became a Non-Executive Director on 24 June 2017.

From 1 July 2017, the duties of the Audit and Risk Committee were separated into two stand-alone committees being the Audit Committee and the Risk and Sustainability Committee. Mr Gordon is the Chairman of the Risk and Sustainability Committee and a member of the Audit 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 is a former director of Comet Ridge Limited ASX: COI (2003 – 2014).

Special Responsibilities

During the reporting period, Mr Schneider was Chairman of the Remuneration and Nomination Committees and member of the Audit and Risk Committee.

From 1 July 2017, the duties of the Audit and Risk Committee were separated into two stand-alone committees being the Audit Committee and the Risk and Sustainability Committee. Mr Schneider is a member of both the Risk and Sustainability Committee and the Audit Committee.

Ms Alice J. WILLIAMS

B.Com, FAICD, FCPA, CFA

INDEPENDENT NON-EXECUTIVE
DIRECTOR

Appointed 28 August 2013

Experience and expertise

Ms Williams has over 25 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, Telstra Sale Company, V/Line Passenger Corporation, State Trustees, Western Health and the Australian Accounting Standards Board.

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), Barristers Chambers Ltd (since 2015), the Foreign Investment Review Board (since 2015), Defence Health and Racing Victoria Limited (since 2016). Ms Williams is a former council member of the Cancer Council of Victoria and former non-executive Director of Guild Group and Port of Melbourne Corporation.

Special Responsibilities

During the Reporting period, Ms Williams was Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

From 1 July 2017, the duties of the Audit and Risk Committee were separated into two stand-alone committees being the Audit Committee and the Risk and Sustainability Committee. Ms Williams is the Chairman of the Audit Committee and a member of the Risk and Sustainability Committee.

2. Company secretaries

Ms Alison Evans B.A., LLB was appointed to the position of Company Secretary and Legal Counsel on 25 February 2013. 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.

Mr Jason de Ross was appointed to the position of Company Secretary on 25 November 2013. Mr de Ross resigned as Company Secretary when his employment with the Company ceased on 9 December 2016.

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 are:

Director	Board Meetings		Audit & Risk Committee Meetings*		Remuneration and Nomination Committee Meetings	
	A	B	A	B	A	B
Mr J. Conde	17	17	4	4	2	2
Mr D. Maxwell	17	17	-	-	-	-
Mr H. Gordon	17	17	-	-	-	-
Mr J. Schneider	17	17	4	4	2	2
Ms A. Williams	17	17	4	4	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

*From 1 July 2017, the duties of the Audit and Risk Committee were separated into two stand-alone committees being the Audit Committee and the Risk and Sustainability Committee.

4. Remuneration Report

Information about the remuneration of the Company's key management personnel for the financial year ended 30 June 2017 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.

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

Dear Shareholder

I am pleased to present our Remuneration Report for 2017 for which we will seek your support at the 2017 Annual General Meeting. The report is designed to provide information regarding our remuneration framework and the outcomes for the reporting period.

Report context: 2017 Financial Year

The Company's performance in the 12 months to 30 June 2017 is reported in the Operating and Financial Review of the Financial Report and discussed in the Managing Director's report and Chairman's report found in this Annual Report. It is not necessary to repeat this detail, but there are features I highlight in introducing this Remuneration Report.

Cooper Energy recorded transformational growth in its production, proved and probable reserves and business base in the 2017 financial year. The progress of the company's gas strategy was accelerated, such that by year end, Cooper Energy was established as a gas supplier to south-east Australia and had commenced construction of its major growth opportunity, the Sole gas project. The company's position is now such that it can reasonably anticipate further growth in revenue, production and reserves in the 2018 financial year.

Importantly, the company valuation also recorded transformational growth rising from a market capitalisation of approximately \$96 million at 30 June 2016 to over \$400 million at the conclusion of the year. For shareholders, a total shareholder return of 72.7% was recorded, outperforming the company's peer group for the reporting period.

The Committee believes it is relevant that this performance was achieved through the disciplined application of the Company's gas strategy by its management team over several years. In this context, the Board believes that the remuneration framework, which incentivises long term value adding performance has been effective in retaining, motivating and rewarding the existing team and delivering value for you, our shareholders.

Developments

The completion of the Victorian gas asset acquisition effective from 1 January changed the balance of the income source from oil to gas; brought expanded management responsibilities; and necessitated a reset of scorecard performance measures.

The management team was restructured effective from 1 January 2017. This involved revision of the roles and responsibilities of each member of the Executive KMP to cover the new activities undertaken by the gas business that had been developed including increased responsibilities, and larger functional teams. The team's capability was also strengthened with the addition of Duncan Clegg as General Manager, Development and Virginia Suttell as Chief Financial Officer. Since year end, Michael Jacobsen has further enhanced our technical leadership as General Manager Projects.

In view of the results achieved at the half year and the change in business, from 1 January 2017 fixed remuneration of Executive KMP was reinstated to the levels in place prior to reductions taken in response to the lower oil price environment. At the same time, salaries of the Executive KMP were reviewed against industry benchmarks taking into account the revised scope of position descriptions and the changed size and nature of the Company. This resulted in some members of the team receiving market adjustments to ensure remuneration was market competitive and consistent with the remuneration policy.

Non-Executive Directors had also reduced their Directors' fees during the previous financial year. Fees were reinstated from 1 January 2017 to prior levels and following a benchmark review, they were also increased for the first time since 2013. The Non-Executive Directors also increased in number with the appointment of Hector Gordon.

We thank the Managing Director, the management team and all our people for their commitment and contribution over the year.

Yours sincerely

Mr Jeffrey Schneider
Chairman of the Remuneration and Nomination Committee

Director's Statutory Report

For the year ended 30 June 2017

4. Remuneration Report continued

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 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*.

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4.2 Key Management Personnel covered in this Report

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

- Non-Executive Directors;
- Executive Directors; and
- the executives on the management team.

Executive Directors 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
<i>Current</i>		
Mr J. Conde AO	Chairman	Full reporting period
Mr J. Schneider	Non-executive Director	Full reporting period
Ms A. Williams	Non-executive Director	Full reporting period
Mr H. Gordon	Non-executive Director	From 24 June 2017
Executive KMP	Position	Dates
<i>Current</i>		
Mr D. Maxwell	Managing Director	Full reporting period
Mr A. Thomas	General Manager Exploration & Subsurface	From 1 January 2017
	Exploration Manager	Until 31 December 2016
Mr E. Glavas	General Manager Commercial & Business Development	From 1 January 2017
	Commercial and Business Development Manager	Until 31 December 2016
Ms A. Evans	Company Secretary and Legal Counsel	Full reporting period

Director's Statutory Report

For the year ended 30 June 2017

4. Remuneration Report continued

Executive KMP	Position	Dates
Mr I. MacDougall	General Manager Operations Operations Manager	From 1 January 2017 Until 31 December 2016
Ms V. Suttell	Chief Financial Officer (Acting)	18 January 2017 – 30 June 2017
Mr D. Clegg	General Manager Development	From 1 May 2017
<i>Former</i>		
Mr H. Gordon	Executive Director – Exploration & Production	Until 23 June 2017
Mr J. de Ross	Chief Financial Officer and Company Secretary	Until 9 December 2016

Ms Suttell was appointed Chief Financial Officer on 1 July 2017. Mr Michael Jacobsen was appointed as General Manager Projects on 1 July 2017. Mr Jacobsen had previously been leading the Sole development project team for Santos and his employment transferred at the time operatorship of the Sole assets was transferred to Cooper Energy. Both Ms Suttell and Mr Jacobsen are part of the management team and accordingly are Executive KMP for the purposes of this Report.

4.3 Remuneration Governance

4.3.1 Philosophy and objectives

The Company is committed to a remuneration philosophy that aligns to our business strategy and emphasises superior performance and shareholder returns.

Cooper Energy's approach towards remuneration aims to ensure that an appropriate balance is achieved among:

- maximising sustainable 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;
- 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.

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 & Nomination Committee

The Company's Remuneration & Nomination Committee (comprised during the reporting period of 3 Non-Executive Directors, all of whom are independent) makes recommendations to the Board regarding remuneration strategies and policies in relation to KMP. The Committee assesses annually the nature and amount of Executive KMP remuneration by reference to relevant employment market conditions and third party remuneration benchmark reports. The Committee determines remuneration arrangements in conjunction with the annual performance reviews of the Executive KMP.

Director's Statutory Report

For the year ended 30 June 2017

4. Remuneration Report continued

4.3.3 External remuneration advisers

From time to time, the Remuneration and Nomination Committee seeks and considers advice from external advisors who are engaged by and report directly to the Remuneration 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 Remuneration and Nomination 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.

4.4 FY17 performance and Executive KMP pay outcomes

4.4.1 Remuneration actually delivered to Executives in FY17 (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 2016 being the STIP awarded for performance during the prior period (FY16);
- the market value of shares issued in FY17 on the vesting of performance rights granted November 2013 and April 2014. 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.

Director's Statutory Report

For the year ended 30 June 2017

4. Remuneration Report continued

4.4.1 Remuneration actually delivered to Executives in FY17 (not audited) continued

Name	Year	Fixed Remuneration \$	STIP \$	LTIP \$	Other \$	Termination Payments \$	Total \$
Executive Directors							
Mr D. Maxwell	2017	667,500	350,000	422,608	88,691	-	1,528,799
	2016	650,000	275,000	93,907	83,350	-	1,102,257
Mr H. Gordon ¹	2017	231,718	85,000	245,348	6,466	-	568,532
	2016	219,502	80,500	51,922	6,373	-	358,297
Executives							
Mr A. Thomas	2017	381,762	96,000	152,824	6,192	-	636,778
	2016	375,123	96,000	78,681	5,824	-	555,628
Ms V. Suttell ²	2017	107,620	-	-	2,453	-	110,073
	2016	-	-	-	-	-	-
Ms A. Evans ³	2017	223,274	48,000	68,040	6,603	-	345,917
	2016	176,089	47,500	9,419	6,236	-	239,244
Mr I. MacDougall	2017	374,411	96,000	88,930	6,649	-	565,990
	2016	382,025	87,000	-	6,419	-	475,444
Mr E. Glavas	2017	297,764	77,000	-	6,466	-	381,230
	2016	281,190	62,000	-	6,373	-	349,563
Mr D. Clegg ⁴	2017	386,803	-	31,500	92	-	418,395
	2016	-	-	-	-	-	-
Mr J. de Ross ⁵	2017	176,868	86,000	411,691	3,240	283,371	961,170
	2016	335,276	85,000	28,433	6,373	-	455,082

1 Mr Gordon worked part time during the reporting period (0.5 full time equivalent) and accordingly his entitlements are prorated.

2 Ms Suttell commenced employment with the Company in an acting capacity part time (0.8 full time equivalent) on 18 January 2017. She modified her hours to full time from 1 June 2017.

3 Ms Evans worked part time (0.7 full time equivalent for the period 1 July 2016 to 31 January 2017 and 0.8 full time equivalent for the period 1 February 2017 to 30 June 2017) and accordingly her entitlements are prorated.

4 Mr Clegg commenced employment with the Company as General Manager Development on 1 May 2017. Prior to that time, he was engaged by the Company as a contractor on a part time basis and was not considered KMP during this period. The amounts shown in the table above include the total remuneration paid during the reporting period, including as a contractor.

5 Mr de Ross left employment on 9 December 2017. His termination payment included the payout of unused annual leave entitlements. LTIP includes the accelerated vesting of performance rights granted under the 2011 Plan that had been tested and achieved at the time of termination and pro-rata vesting of performance rights and share appreciation rights granted under the EIP based on service and performance.

In addition to the amounts set out in the table above, Executive KMP were also delivered a STI cash bonus in FY17 in respect of the first half of the FY17 financial year measurement period for the Company's STIP.

STI payments are generally made for performance over a 12 month period, however the acquisition of the Victorian gas assets from Santos (which was not foreseen at the time the FY17 company scorecard was approved by the Board) was an extraordinary event which transformed the Company and necessitated a re-set of the scorecard performance measures (which were increased because most measures had already been exceeded from 1 January). An interim STIP award was made to employees in January 2017. The interim STIP payments made to Executive KMP are set out below.

Name	HY17 STIP \$
Executive Directors	
Mr D. Maxwell	293,940
Mr H. Gordon	70,171
Executives	
Mr A. Thomas	78,400
Ms A. Evans	51,320
Mr I. MacDougall	78,400
Mr E. Glavas	66,360
Mr J. de Ross	50,953

4. Remuneration Report continued

The STIP for the second half of the financial year will be assessed in accordance with the Company's usual timeframes and will be paid in October 2017.

4.4.2 Cooper Energy five-year performance

		12 months to 30 June				
Operational		2013	2014	2015	2016	2017
Annual production	MMboe	0.49	0.59	0.48	0.46	0.96
Proved & Probable Reserves	MMboe	2.16	2.01	3.08	3.00	11.7
TRCFR ¹	events per hours worked	2.10	2.52	4.18	0.00	1.98
Financial						
Sales revenue	\$ million	53.4	72.3	39.1	27.4	39.1
Profit after tax	\$ million	1.3	22.0	(63.5)	(34.8)	(12.3)
Earnings per share	cents	0.4	6.4	(19.2)	(10.1)	(1.8)
Total shareholder return	percent	(16.7)	34.7	(51.5)	(12.2)	72.7
Capital as at 30 June						
Share price	\$ per share	0.375	0.505	0.245	0.215	0.38
Market capitalisation	\$ million	123.4	166.3	81.4	93.6	433.4

¹ Total Recordable Case Frequency Rate

4.4.3 STIP outcomes

The most significant achievement during the performance period was the acquisition of the Victorian gas assets from Santos which was effective from 1 January 2017. The acquisition had a significant impact on all of the key measures in the Company Scorecard. The Board awarded an interim short term incentive payment relating to performance over the first half of the financial year and then re-set the scorecard for the remaining half of the financial year with increased performance measures that reflected the transformed business.

Performance 1 July to 31 December 2016

Performance against the Company Scorecard for the period 1 July to 31 December 2016 was determined by the Board as follows:

Performance measures in company scorecard	Performance 1 July to 31 December 2016	Comment
HSEC Performance	Super Stretch	0.0 Total Recordable Case Frequency Rate and a 0.0 Lost time Injury Frequency Rate. This is an excellent result and better than industry benchmarks. In addition, many of the Company's environmental and safety systems and processes were enhanced as the Company prepared to become an operator of producing assets in Australia.
Increased production	Super Stretch	Production increased 3 times above year end forecast.

4. Remuneration Report continued

Performance measures in company scorecard	Performance 1 July to 31 December 2016	Comment
Growth in reserves and resources	Super Stretch	A significant increase in reserves and resources with the addition of 10.6 MMboe from the acquisition of the Casino Henry and Minerva gas assets. The Company's gas strategy was accelerated. The exit from Tunisia was completed and the Company had entered into agreements to exit Indonesia in accordance with strategy.
Key gas strategy milestones		
Acquisitions and divestments		
Cost management	Super Stretch	Costs were within budget and processes and systems significantly upgraded. The Company undertook a very successful capital raising to fund the acquisition of Victorian gas assets.
Processes and Risk Management		
People and stakeholder relationships		

Excellent performance against all measures (both against the Company Scorecard and individual performance measures) resulted in the delivery of between Stretch and Super Stretch (i.e. maximum award) to Executive KMP in relation to the first half of the reporting period. The amounts that were paid in January 2016 are set out in Section 4.4.1.

Performance 1 January to 30 June 2017

In re-setting the scorecard, the Board maintained the same broad categories of performance measures but increased the relevant targets. The key changes were to:

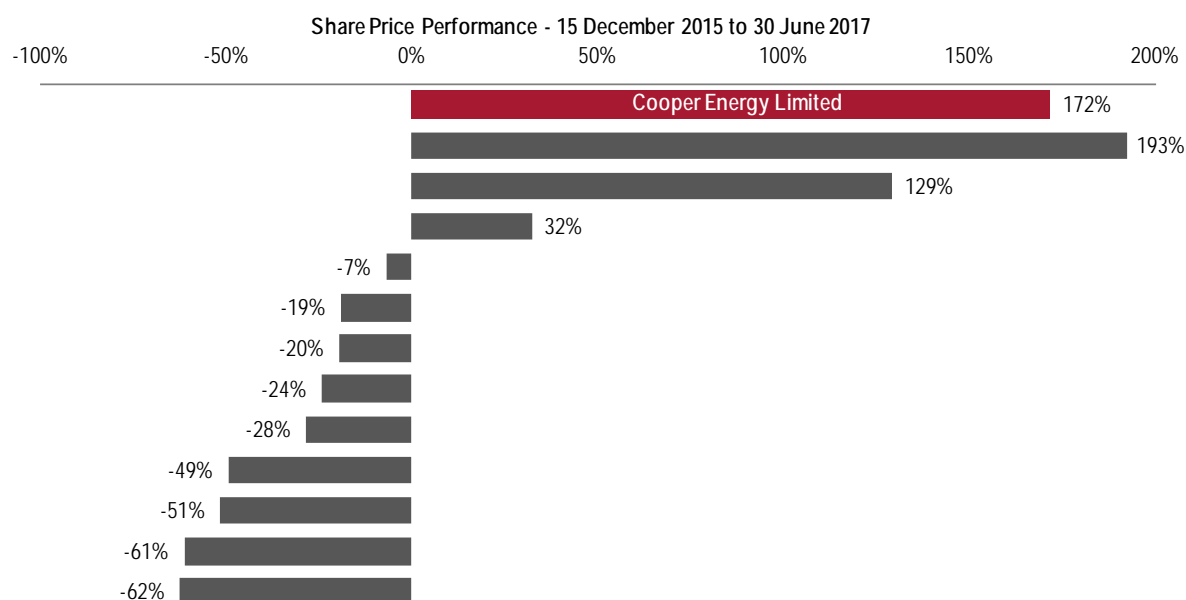
- recognise increased HSEC requirements in becoming an operator of producing assets in offshore Australia;
- increase reserves and production growth targets;
- recognise that as operator of producing assets in Australia, the Company would have increased regulatory and other responsibilities; and
- recognise the increased funding requirements for Cooper Energy as 100% owner of the Sole gas project.

The preliminary Scorecard results for the second half of the reporting period ranged between Target and Super Stretch. The final STIP results for the second half of the reporting period, in conjunction with individual performance reviews will be determined in September and form the basis of individual STIP payments in October 2017.

4. Remuneration Report continued

4.4.4 LTIP outcomes

The Company's total shareholder return relative to the peer group against which it is measured is set out below. The graph commences 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 will vest and shares will be issued for the first time under this plan in 2018.



During the reporting period, shares were issued to Executive KMP on the vesting of performance rights granted in October 2013 and March 2014 under the 2011 Plan. Under that plan, 75% of the performance rights were tested against relative total shareholder return and 25% were tested against absolute shareholder return after the end of the measurement period.

The results are set out below:

2011 Plan Award	Award 5 (granted October 2013)	Award 6 (granted March 2014)
Start VWAP	0.3965	0.5361
End VWAP	0.3004	0.3004
Cooper Energy TSR	-24.26%	-43.97%
TSR Rank	1 st against peer group	1 st against peer group
Absolute TSR Achieved	0.00%	0.00%
Relative TSR Achieved	100.00%	100.00%

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 (being performance based cash bonuses);
- other short term benefits such as accommodation, internet allowance and carparking; and
- long term incentive plan (currently comprising the award of 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 of Executive KMP forms a significant portion of their total remuneration. In addition, within performance based pay, an appropriate balance is targeted between rewarding operational performance (through the short term incentive cash bonuses) and rewarding long-term sustainable performance (through the long term incentive plan).

Director's Statutory Report

For the year ended 30 June 2017

4. Remuneration Report continued

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	Executive Director	Other Executive KMP	Managing Director	Executive Director	Other Executive KMP
Fixed Remuneration	100%	100%	100%	100%	100%	100%
STIP (at risk)	50%	38%	25%	100%	75%	50%
LTIP ¹ (at risk)	120%	95%	70%	120%	95%	70%
Total	270%	233%	195%	320%	270%	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 2017 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)?	<table> <tr> <td>Managing Director</td><td>100%</td></tr> <tr> <td>Executive Director</td><td>75%</td></tr> <tr> <td>Executives</td><td>50%</td></tr> </table>	Managing Director	100%	Executive Director	75%	Executives	50%
Managing Director	100%						
Executive Director	75%						
Executives	50%						
What is the performance period?	<p>Each year, the Board reviews and approves the performance criteria for the year ahead by approving a Company scorecard. The Company's STIP generally operates over a 12 month performance period from 1 July to 30 June.</p> <p>Due to the impact on the scorecard of the acquisition of the Victorian gas assets from Santos (which transaction was effective from 1 January 2017), the Board determined to re-set the Company scorecard at 1 January 2017. Performance was therefore measured against the initial scorecard at the end of December 2016 and against the re-set scorecard at the end of June 2017. See further information in section 4.4.3.</p>						

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. 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 target and super stretch (ie maximum).</p> <p>Personal performance measures are agreed between each Executive KMP and Cooper Energy each year. The relative weighting of Company and individual performance varies dependant on the seniority of the Executive KMP and is as follows:</p> <ul style="list-style-type: none"> • Managing Director: 80% Company; 20% individual • Executive Director: 75% Company; 25% individual • Executives 70% Company; 30% individual <p>All performance measures are relevant to the Company's strategic objectives and designed to motivate Executive KMP to meet goals which enhance shareholder value.</p> <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 expected level of performance (base)). 0% STIP will be awarded for base level achievement.</p>
When are STIP payments made?	<p>STIP payments, if any, are generally made in October each year. As discussed above however in the 2017 financial year the STIP payments were in two halves. The first STIP payment was made in January and any STIP payments in respect of the second half will be paid in October 2017.</p> <p>Irrespective of the scorecard outcome, payment of any STIP is entirely at the discretion of the Board.</p>

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 2015 AGM (EIP). It is proposed that future grants will be made under the EIP. The key features of the grants made in the financial year 2017 (granted October 2016) 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 3 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>

Director's Statutory Report

For the year ended 30 June 2017

4. Remuneration Report continued

Plan Feature	Details								
	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.								
What is the maximum award opportunity (% of fixed remuneration)?	<table> <tr> <td>Managing Director</td><td>120%</td></tr> <tr> <td>Executive Director</td><td>95%</td></tr> <tr> <td>Executive KMP</td><td>70%</td></tr> <tr> <td>Senior staff</td><td>50%</td></tr> </table>	Managing Director	120%	Executive Director	95%	Executive KMP	70%	Senior staff	50%
Managing Director	120%								
Executive Director	95%								
Executive KMP	70%								
Senior staff	50%								
What is the performance period?	The performance period is 3 years. Additionally, the LTIP allows for re-testing 12 months following the end of the performance period. A re-test is considered appropriate because the Company's growth is dependent on development of projects that will likely take greater than 3 years from conception to start-up.								
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: Beach Energy Limited; Senex Energy Limited; Blue Energy Limited; Tap Oil Limited; Central Petroleum Limited, AWE Limited, Icon Energy Limited, Buru Energy Limited, Carnarvon Petroleum Limited, Strike Energy Limited, Empire Oil & Gas NL and Horizon Oil Limited.</p> <p>The peer group was based on a group of ASX-listed companies in the energy and resources sector, with Australian operations and a range of market capitalisation. The peer group is reviewed annually for relevance and amended as appropriate.</p>								
What happens on cessation of employment?	Generally, if an employee ceases employment prior to the vesting date, 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 prorated number of awards being retained.								
What happens if there is a change of control?	In the event of a change of control, the Board has the discretion to approve pro-rata vesting based on service and performance.								

4. Remuneration Report continued

Plan Feature	Details
Who can participate in the LTIP?	Eligibility is generally restricted to Executive KMP and senior staff who are in a position to influence shareholder value the most. Staff not offered the opportunity to participate in the LTIP are given the opportunity to become shareholders by receiving a deferred component of a STIP which will be paid in equity.
Is there a cap on dilution?	5% total on issue (excluding KMP).
What is the 2011 Plan referred to in this Report?	The 2011 plan refers to the Cooper Energy Employee Incentive Plan which was approved by shareholders at the 2011 annual general meeting. The 2011 Plan has now been superseded by the Equity Incentive Plan (EIP) approved by shareholders at the 2015 annual general meeting and grants are now made under the EIP. The 2011 Plan is referred to in this Report because some Executive KMP still hold performance rights granted under the 2011 Plan. The last of the performance rights granted under the 2011 Plan will be tested in the 2018 financial year.

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.

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 6 months' written notice.

Mr Hector Gordon – Executive Director Exploration and Production

Mr Gordon commenced as Executive Director Exploration and Production on 26 June 2012 under a contract of employment. Mr Gordon's contract expired on 23 June 2017. From 24 June 2017, Mr Gordon was appointed as a Non-Executive Director.

Deeds of indemnity

The Company also entered into deeds of indemnity, insurance and access with each of the Executive Directors under which the Company will, on the terms set out in the deed, provide an indemnity, maintain an appropriate level of Directors' & 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 3 months' written notice.

4.6 Nature of Non-Executive Director remuneration

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

Director's Statutory Report

For the year ended 30 June 2017

4. Remuneration Report continued

The maximum aggregate remuneration pool for Non-Executive Directors, as approved by shareholders at the Company's 2014 Annual General Meeting, is \$750,000 per annum. This pool is not currently fully utilised.

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 increase in Non-Executive Directors fees reflects the reinstatement of the 10% reduction in fees taken by the Non-Executive Directors in the 2016 financial year in response to the lower oil price environment. In addition, the Non-Executive Directors fees were increased from 1 January 2017 for the first time since 2013 following a review that compared Non-Executive Director fees with peer group companies.

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' & Officers' indemnity insurance and provide access to Company records.

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 2011 Plan and 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 September 2016. 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 absolute shareholder total return (ASTR), and relative shareholder total return (RSTR), performance conditions (as described in Section 4.6 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 (2011 Plan)				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 2017	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 2017	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 2017
Executive Directors												
Mr D. Maxwell	Nil	-	1,190,446	53%	1,178,643	\$333,556	-	-	3,044,232	\$459,679	-	-
Mr H. Gordon	Nil	-	691,121	48%	341,554	\$96,660	-	-	882,177	\$133,209	-	-
Executives												
Mr A. Thomas	Nil	-	430,490	45%	421,369	\$119,247	-	-	1,088,323	\$164,337	-	-
Ms V. Suttell	Nil	-	-	-	Nil	-	-	-	Nil	-	-	-
Ms A. Evans	Nil	-	191,662	37%	213,908	\$60,536	-	-	552,487	\$83,426	-	-
Mr I. MacDougall	Nil	-	234,025	29%	404,089	\$114,357	-	-	1,043,693	\$157,598	-	-
Mr E. Glavas	Nil	-	-	-	300,318	\$84,990	-	-	775,670	\$117,126	-	-
Mr D. Clegg	Nil	-	-	-	Nil	-	-	-	Nil	-	-	-
Mr J. de Ross ¹	Nil	-	608,920	57%	Nil	-	233,975	33%	Nil	-	660,415	33%

¹ 2011 Plan includes the accelerated vesting of performance rights that had been tested and achieved at the time of termination of employment. EIP includes the pro-rata vesting of performance rights and share appreciation rights based on service and performance at the time of termination.

4. Remuneration Report continued

The vesting date of the performance rights granted on 8 December 2016 is 8 December 2019. The fair value of these rights is \$0.283 per right. These performance rights have a commencement date of 12 September 2016.

The vesting date of the share appreciation rights granted on 8 December 2016 is 8 December 2019. The fair value of these rights is \$0.151 per right. These share appreciation rights have a commencement date of 12 September 2016.

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 (2011 Plan)	Held at 1 July 2016	Granted	Lapsed	Vested & Exercised	Held at 30 June 2017
Directors					
Mr D. Maxwell	2,913,301	-	274,118	1,190,446	1,448,737
Mr H. Gordon	1,270,086	-	159,140	691,121	419,825
Executives					
Mr A. Thomas	1,047,545	-	99,126	430,490	517,929
Ms V. Suttell	-	-	-	-	-
Ms A. Evans	475,429	-	44,133	191,662	239,634
Mr I. MacDougall	808,722	-	78,008	234,025	496,689
Mr E. Glavas	338,039	-	-	-	338,039
Mr D. Clegg	-	-	-	-	-
Mr J. de Ross	926,523	-	317,603	608,920	-

The performance rights lapsed during the period noted in the table above were granted in November 2013, April 2014 and December 2014.

Performance Rights (EIP)	Held at 1 July 2016	Granted	Lapsed	Vested & Exercised	Held at 30 June 2017
Directors					
Mr D. Maxwell	2,228,571	1,178,643	-	-	3,407,214
Mr H. Gordon	645,810	341,554	-	-	987,364
Executives					
Mr A. Thomas	796,722	421,369	-	-	1,218,091
Ms V. Suttell	-	-	-	-	-
Ms A. Evans	383,370	213,908	-	-	597,278
Mr I. MacDougall	764,050	404,089	-	-	1,168,139
Mr E. Glavas	567,840	300,318	-	-	868,158
Mr D. Clegg	-	-	-	-	-
Mr J. de Ross	709,017	-	475,042	233,975	-

The performance rights lapsed during the period noted in the table above were granted in December 2015.

4. Remuneration Report continued

Share Appreciation Rights (EIP)	Held at 1 July 2016	Granted	Lapsed	Vested & Exercised	Held at 30 June 2017
Directors					
Mr D. Maxwell	6,290,322	3,044,232	-	-	9,334,554
Mr H. Gordon	1,822,850	882,177	-	-	2,705,027
Executives					
Mr A. Thomas	2,248,812	1,088,323	-	-	3,337,135
Ms V. Suttell	-	-	-	-	-
Ms A. Evans	1,082,094	552,487	-	-	1,634,581
Mr I. MacDougall	2,156,592	1,043,693	-	-	3,200,285
Mr E. Glavas	1,602,774	775,670	-	-	2,378,444
Mr D. Clegg	-	-	-	-	-
Mr J. de Ross	2,001,259	-	1,340,844	660,415	-

The share appreciation rights lapsed during the period noted in the table above were granted in December 2015.

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 2016	Purchases	Received on vesting of performance rights	Sales	Held at 30 June 2017
Directors					
Mr J. Conde AO	272,728	340,910	-	-	613,638
Mr D. Maxwell	3,309,333	3,678,877	1,190,446	-	8,178,656
Mr H. Gordon	469,610	200,000	691,121	-	1,360,731
Mr J. Schneider	322,728	403,410	-	-	726,138
Ms A. Williams	52,728	65,910	-	-	118,638
Executives					
Mr A. Thomas	361,227	989,647	430,490	-	1,781,364
Ms V Suttell	-	29,000	-	-	29,000
Ms A. Evans	61,174	177,664	191,662	-	430,500
Mr I. MacDougall	-	293,567	234,025	-	527,592
Mr E. Glavas	-	-	-	-	-
Mr D. Clegg	-	135,000	-	-	135,000
Mr J. de Ross ¹	372,375	-	-	-	-

¹ No longer KMP

Options

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

Directors' Statutory Report

For the year ended 30 June 2017

4. Remuneration Report continued

4.7.3 Table of Directors' remuneration for 2016 and 2017 financial years

		Benefits					Share Based Remuneration ^c	Total
		Short-term			Long Term	Post Employment		
		Base salary & Fees	STIP	Other Short Term Benefits ^a	Long Service Leave	Superannuation ^b	LTIP	
Directors		\$	\$	\$	\$	\$	\$	\$
Mr J. Conde AO	2017	161,644	-	-	-	15,356	-	177,000
	2016	137,595	-	-	-	13,072	-	150,667
Mr J. Schneider	2017	103,402	-	-	-	9,823	-	113,225
	2016	81,697	-	-	-	7,761	-	89,458
Mr D. Maxwell	2017	647,884	498,421	88,691	38,938	19,616	554,317	1,847,867
	2016	630,692	342,388	83,350	-	19,308	517,092	1,592,830
Mr H. Gordon	2017	212,241	113,472	6,466	-	19,476	179,088	530,743
	2016	200,194	93,997	6,373	-	19,308	220,606	540,478
Ms A Williams	2017	103,402	-	-	-	9,823	-	113,225
	2016	81,697	-	-	-	7,761	-	89,458

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

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

c) 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. None of the performance rights issued vested and no payments were made for performance rights during the current financial year.

Directors' Statutory Report

For the year ended 30 June 2017

4. Remuneration Report continued

4.7.4 Table of Executives' remuneration for 2016 and 2017 financial years

		Benefits					Share Based Remuneration ^c	Termination Payments	Total
		Short-term			Long- term	Post Employment			
		Base salary	STIP	Other Short Term Benefits ^a	Long Service Leave	Superannuation ^b	LTIP		
Executives		\$	\$	\$	\$	\$	\$	\$	\$
Mr A. Thomas	2017	362,147	128,902	6,192	14,494	19,616	198,431	-	729,782
	2016	355,815	98,798	5,824	-	19,308	186,377	-	666,122
Ms V. Suttell	2017	98,673	26,330	2,453	-	8,947	-	-	136,403
	2016	-	-	-	-	-	-	-	-
Ms A. Evans	2017	203,658	82,521	6,603	9,134	19,616	95,395	-	416,927
	2016	156,781	46,278	6,236	-	19,308	81,046	-	309,649
Mr I. MacDougall	2017	354,796	127,084	6,649	32,245	19,616	146,609	-	686,999
	2016	362,717	100,616	6,419	-	19,308	128,013	-	617,073
Mr E. Glavas	2017	278,148	113,328	6,466	-	19,616	122,724	-	540,282
	2016	261,882	74,777	6,373	-	19,308	65,299	-	427,639
Mr D. Clegg ^d	2017	383,534	21,201	92	-	3,269	31,500	-	439,596
	2016	-	-	-	-	-	-	-	-
Mr J. de Ross ^e	2017	158,367	49,031	3,240	-	18,501	67,696	283,371	580,206
	2016	315,968	87,922	6,373	-	19,308	162,930	-	592,501

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

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

c) 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. None of the performance rights issued vested and no payments were made for performance rights during the current financial year.

d) Mr Clegg commenced employment with the Company as General Manager Development on 1 May 2017. Prior to that time, he was engaged by the Company as a contractor on a part time basis and was not considered KMP during this period. The amounts shown in the table above include the total remuneration paid during the reporting period, including as a contractor.

e) 5 Mr de Ross left employment on 9 December 2017. His termination payment included the payout of unused annual leave entitlements.

End of remuneration report

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 Group is a party to various 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	613,638	-	-
Mr D. Maxwell	8,178,656	4,855,951	9,334,554
Mr H. Gordon	1,360,731	1,407,189	2,705,027
Mr J. Schneider	726,138	-	-
Ms A. Williams	118,638	-	-

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 5,300,196 outstanding performance rights granted to employees under the 2011 Plan and 10,994,298 outstanding performance rights and 30,118,716 share appreciation rights under the Equity Incentive Plan approved by shareholders at the 2015 AGM.

During the financial year 5,073,140 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 2017.

12. Events after financial reporting date

Refer to Note 30 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 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.

No proceedings have been brought or intervened in on behalf of Cooper Energy Limited with leave of the Court under section 237 of the Corporations Act.

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 106 and forms part of the Directors' report for the financial year ended 30 June 2017.

17. Non-audit services

The amounts paid to the auditor of the Group, Ernst & Young and its related practices for non-audit services provided during the year was \$65,000 (2016: \$18,540).

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
Dated at Adelaide 29 August 2017



Mr David P Maxwell
Managing Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

		Consolidated	
		2017	2016
	Notes	\$'000	\$'000
Continuing Operations			
Revenue from sales	4	34,648	20,257
Cost of sales	4	(20,058)	(12,180)
Gross profit		14,590	8,077
Other revenue	4	1,614	850
Exploration and evaluation expenditure written back/(off)		(1,577)	292
Finance costs	4	(2,555)	(1,411)
Impairment	15	-	(21,865)
Share of loss in associate	12	(533)	(87)
Other expenses	4	(18,574)	(11,851)
Loss before tax		(7,035)	(25,995)
Income tax benefit		4,786	7,907
Petroleum Resource Rent Tax expense		(7,598)	-
Total tax (expense)/benefit	5	(2,812)	7,907
Net loss after tax from continuing operations		(9,847)	(18,088)
Discontinued operations			
Loss for the year from discontinued operations	11	(2,465)	(16,751)
Total loss for the period attributable to members		(12,312)	(34,839)
Other comprehensive income/(expenditure)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve		(297)	237
Reclassification of foreign currency translation reserve on disposal of subsidiary		(835)	-
Fair value movements on derivatives accounted for in a hedge relationship		736	(3,526)
Reclassification during the period to profit or loss of realised hedge settlements	23	494	2,526
Income tax effect on fair value movement on derivative financial instrument		(369)	300
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value movement on equity instruments at fair value through other comprehensive income	10	(132)	(553)
Other comprehensive expenditure for the period net of tax		(403)	(1,016)
Total comprehensive loss for the period attributable to members		(12,715)	(35,855)
			cents
Basic earnings per share from continuing operations	6	(1.4)	(5.3)
Diluted earnings per share from continuing operations	6	(1.4)	(5.3)
Basic earnings per share	6	(1.8)	(10.1)
Diluted earnings per share	6	(1.8)	(10.1)

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 2017

		Consolidated	
	Notes	2017 \$'000	2016 \$'000
Assets			
Current Assets			
Cash and cash equivalents	7	147,425	49,717
Trade and other receivables	8	10,878	3,400
Inventory		2,000	-
Prepayments	9	1,902	303
		162,205	53,420
Assets classified as held for sale	11	25,090	4,788
Total Current Assets		187,295	58,208
Non-Current Assets			
Equity instruments at fair value through other comprehensive income	10	658	790
Investment in associate	12	-	173
Trade and other receivables	8	2,997	-
Prepayments	9	911	-
Term deposits at banks	7	41	91
Deferred tax assets	5	4,315	-
Oil and gas assets	14	69,402	5,385
Property, plant and equipment	16	3,694	708
Exploration and evaluation	17	223,331	110,976
Total Non-Current Assets		305,349	118,123
Total Assets		492,644	176,331
Liabilities			
Current Liabilities			
Trade and other payables	18	58,520	8,014
Provisions	19	19,188	4,064
Derivative financial liabilities	23	114	1,275
		77,822	13,353
Liabilities and provisions classified as held for sale	11	25,448	645
Total Current Liabilities		103,270	13,998
Non-Current Liabilities			
Deferred tax liabilities	5	-	2,176
Deferred Petroleum Resource Rent Tax liability	5	1,481	-
Provisions	19	99,802	65,548
Financial liabilities	20	3,044	3,059
Total Non-Current Liabilities		104,327	70,783
Total Liabilities		207,597	84,781
Net Assets		285,047	91,550
Equity			
Contributed equity	21	343,161	137,558
Reserves	21	6,777	6,571
Accumulated losses	21	(64,891)	(52,579)
Total Equity		285,047	91,550

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 2017

	Issued Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 July 2016	137,558	6,571	(52,579)	91,550
Loss for the period	-	-	(12,312)	(12,312)
Other comprehensive expenditure	-	(403)	-	(403)
Total comprehensive expenditure for the period	-	(403)	(12,312)	(12,715)
Transactions with owners in their capacity as owners:				
Share based payments	223	2,049	-	2,272
Transferred to issued capital	1,440	(1,440)	-	-
Equity issue	203,940	-	-	203,940
Balance at 30 June 2017	343,161	6,777	(64,891)	285,047
Balance at 1 July 2015	115,460	6,151	(17,740)	103,871
Loss for the period	-	-	(34,839)	(34,839)
Other comprehensive expenditure	-	(1,016)	-	(1,016)
Total comprehensive expenditure for the period	-	(1,016)	(34,839)	(35,855)
Transactions with owners in their capacity as owners:				
Share based payments	-	1,884	-	1,884
Transferred to issued capital	448	(448)	-	-
Shares issued	21,650	-	-	21,650
Balance at 30 June 2016	137,558	6,571	(52,579)	91,550

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 2017

		Consolidated	
		2017	2016
	Notes	\$'000	\$'000
Cash Flows from Operating Activities			
Receipts from customers		36,917	28,078
Payments to suppliers and employees		(27,965)	(21,851)
Exit penalties		(3,703)	-
Income tax received/(paid)		-	859
Petroleum Resource Rent Tax paid		(2,785)	-
Interest received		1,614	849
Net cash from operating activities	7	4,078	7,935
Cash Flows from Investing Activities			
Transfers of term deposits		50	(32)
Receipts from sale of subsidiary		500	12,440
Payments for exploration and evaluation		(32,149)	(28,910)
Net cash transfer on disposal of subsidiary		(1,261)	-
Acquisition of exploration and evaluation and gas assets	13	(65,000)	-
Payments for oil and gas assets		(9,937)	(3,486)
Net cash flows used in investing activities		(107,797)	(19,988)
Cash Flows from Financing Activities			
Proceeds from equity issue		201,934	21,171
Net cash flow from financing activities		201,934	21,171
Net increase/(decrease) in cash held		98,215	9,118
Net foreign exchange differences		(507)	1,226
Cash and Cash Equivalents At 1 July		49,717	39,373
Cash and Cash Equivalents At 30 June	7	147,425	49,717

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

Notes to the Financial Statements

For the year ended 30 June 2017

1. Corporate information

The consolidated financial report of Cooper Energy Limited (the parent entity) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 29 August 2017.

Cooper Energy Limited is a 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 section 5 of the Directors' Statutory Report.

2. Summary of significant accounting policies

a) Basis of preparation

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

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 Company.

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

The consolidated financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities (including generation of operating cash flows from the expanded base business) and development of the Sole gas project.

At 30 June 2017 the Group has entered into contracts for future capital expenditure commitments of \$208.0 million primarily in connection with the Sole gas project, which is in excess of the Group's available cash and cash equivalents of \$147.4 million at this date. Cash outflows associated with these commitments over the 12 months following the date of this report are \$104.0 million.

At the date of this report the Directors are satisfied there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. Pertinent matters supporting this position are as follows:

- On 29 August 2017, the Group announced a fully underwritten entitlement offer to raise approximately \$135 million, subject to standard market terms. Together with the cash at bank as at 30 June 2017, the funds raised from the equity issue will provide sufficient liquidity to fund its expenditure commitments, including the capital commitments relating to the Sole gas project, for more than 12 months from the date of this report.
- The Group is in the advanced stages of finalising the external debt funding of the Sole gas project, including senior debt in the form of a reserve based lending facility which is underwritten, and subject to conditions precedent including perfection of security, environmental and insurance due diligence and a gas market independent review report.
- The Company is well advanced with the satisfaction of the conditions precedent under the sale agreement for the Orbost Gas Plant to the APA Group (APA). At completion of the sale to APA, all the commitments associated with the Orbost Gas Plant upgrade will be transferred to APA. Existing capital commitments of the Group in respect of the Orbost Gas Plant, which are reflected currently in the capital commitments set out above, would be assumed by APA.
- The Directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of options to ensure that adequate funding continues to be available. The Group has the capacity, if necessary, to defer discretionary expenditure in the current cashflow forecast period of the business, or take other steps to moderate the cash outflows of the business if required.

The Directors are satisfied that the quantum of the funds to be secured via the means outlined above will be sufficient to enable the Group to complete the development of the Sole gas project and meet the ongoing commitments of the Group.

Significant event and transaction

During the period the Group raised additional equity through two institutional placements and two retail offers (in December 2016 and May 2017). As a result of the institutional placements, 512.2 million new shares were issued (144.2 million in December 2016 and 368.0 million in May 2017); a further 187.5 million shares were issued under the retail offers (75.4 million in December 2016 and 112.0 million in May 2017). A total of \$203.9 million (net of costs and tax) was raised from the four transactions. Refer to Note 21 for further information.

Notes to the Financial Statements

For the year ended 30 June 2017

Effective 1 January 2017, the Group acquired the Victorian gas assets of Santos Limited, which established Cooper Energy as a supplier of gas to south-east Australia. The assets acquired include:

- 50% interest in the Casino Henry joint venture in the offshore Otway Basin;
- remaining 50% interests in the Sole gas field and Orbost Gas Plant in the Gippsland Basin, increasing the Company's interest in both assets to 100%;
- 50% interest in gas exploration acreage in the offshore Otway Basin;
- 100% interest in the depleted Patricia Baleen gas field and associated infrastructure; and
- 10% interest in the Minerva gas project and Minerva Gas Plant.

Refer to Note 13 for further information.

On 27 February 2017, the Group signed a non-binding Heads of Agreement for the sale of the Orbost Gas Plant to APA Group which was executed on 1 June 2017. As part of the sale, the Group will receive \$20 million in consideration to be held in escrow against performance of Cooper Energy's obligations under the agreements with APA Group. APA Group is responsible for funding capital expenditure associated with the upgrade and development of the Orbost Gas Plant to process raw natural gas from the Sole gas field and other gas fields. Refer to Note 11 for further information. Completion of the transaction remains subject to certain conditions.

During the period, the Group completed the withdrawal from its international operations. The Company sold its remaining Indonesian asset to Bass Oil Limited (the Company's associate). Activities in Tunisia ceased with the closure of the Tunisian office during the March quarter. The only item remaining is a provision regarding the Hammamet exit. Refer to Note 11 for further information.

b) Statement of compliance

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

(i) Changes in accounting policy and disclosures

As at 1 July 2015, Cooper Energy early adopted AASB 9 *Financial Instruments* (2014). AASB 9 (December 2014) is a new standard which replaces AASB 139 (as amended). This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. 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 2016 as follows:

AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
Summary	The amendments require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in AASB 3 Business Combinations and other Australian Accounting Standards that do not conflict with the requirements of AASB 11 Joint Arrangements.
Application Date of the Standard	1 January 2016
Application Date for Group	1 July 2016
Impact on Group Financial report	The adoption of this standard in the current financial year has not had a material impact on the Group and did not impact the Group's acquisition of the Victorian Gas Assets.

Notes to the Financial Statements

For the year ended 30 June 2017

b) Statement of compliance continued

AASB 2014-4		Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
Summary	The amendments clarify the principle in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.	
Application Date of the Standard	1 January 2016	
Application Date for Group	1 July 2016	
Impact on Group Financial report	The Group uses diminishing value and units of production bases for the calculation of depreciation and amortisation. This standard has no impact upon the Group's methodologies.	
AASB 2015-1		Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle
Summary	<p>The amendments clarify certain requirements in:</p> <ul style="list-style-type: none"> • AASB 5 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal • AASB 7 Financial Instruments: Disclosures - servicing contracts; applicability of the amendments to AASB 7 to condensed interim financial statements • AASB 119 Employee Benefits - regional market issue regarding discount rate • AASB 134 Interim Financial Reporting- disclosure of information 'elsewhere in the interim financial report' 	
Application Date of the Standard	1 January 2016	
Application Date for Group	1 July 2016	
Impact on Group Financial report	The adoption of these updates has not had a material impact on the Group.	
AASB 2015-2		Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
Summary	This Standard amends AASB 101 Presentation of Financial Statements to clarify existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying the Standard in determining what information to disclose, where and in what order information is presented in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.	
Application Date of the Standard	1 January 2016	
Application Date for Group	1 July 2016	
Impact on Group Financial report	The adoption of these updates has not had a material impact on the Group.	

Notes to the Financial Statements

For the year ended 30 June 2017

b) Statement of compliance continued

(ii) 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 and for which the Group has elected not to early adopt for the annual reporting period ending 30 June 2017, are outlined below:

AASB 15	<i>Revenue from Contracts with Customers</i>
Summary	<p>In October 2015, the AASB issued AASB 15 Revenue from Contracts with Customers, which replaces AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, AASB 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and IFRIC 131 Revenue—Barter Transactions Involving Advertising Services).</p> <p>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p>
Application Date of the Standard	1 January 2018
Application Date for Group	1 July 2018
Impact on Group Financial report	The Group is currently assessing the impact of this standard.

Notes to the Financial Statements

For the year ended 30 June 2017

b) Statement of compliance continued

AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Summary	<p>AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <p>(a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and</p> <p>(b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p> <p>AASB 2014-10 also makes an editorial correction to AASB 10.</p> <p>AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.</p>
Application Date of the Standard	1 January 2018
Application Date for Group	1 July 2018
Impact on Group Financial report	The adoption of this standard in the current format is not expected to have a material impact on the Group.

Notes to the Financial Statements

For the year ended 30 June 2017

b) Statement of compliance continued

AASB 16	Leases
Summary	<p>The key features of AASB 16 are as follows:</p> <p>Lessee accounting</p> <ul style="list-style-type: none"> • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. <p>Lessor accounting</p> <ul style="list-style-type: none"> • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. <p>AASB 16 supersedes:</p> <p>(a) AASB 117 Leases</p> <p>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</p> <p>(c) SIC-15 Operating Leases—Incentives</p> <p>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a lease</p> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>
Application Date of the Standard	1 January 2019
Application Date for Group	1 July 2019
Impact on Group Financial report	The Group is currently assessing the impact of this standard.
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
Summary	This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.
Application Date of the Standard	1 January 2017
Application Date for Group	1 July 2017
Impact on Group Financial report	The adoption of this standard is not expected to have a material impact on the Group.

Notes to the Financial Statements

For the year ended 30 June 2017

b) Statement of compliance continued

AASB 2016-2		Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
Summary		The amendments to AASB 107 Statement of Cash Flows are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).
Application Date of the Standard		1 January 2017
Application Date for Group		1 July 2017
Impact on Group Financial report		The adoption of this standard is not expected to have a material impact on the Group.
AASB 2016-5		Classification and Measurement of Share-based Payment Transactions
Summary		<p>This standard amends to AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> • The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments • Share-based payment transactions with a net settlement feature for withholding tax obligations • A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled
Application Date of the Standard		1 January 2018
Application Date for Group		1 July 2018
Impact on Group Financial report		The adoption of this standard is not expected to have a material impact on the Group.
AASB 2017-1		Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments
Summary		<p>The amendments clarify certain requirements in:</p> <ul style="list-style-type: none"> • AASB 1 First-time Adoption of Australian Accounting Standards – deletion of exemptions for first-time adopters and addition of an exemption arising from AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration • AASB 12 Disclosure of Interests in Other Entities – clarification of scope • AASB 128 Investments in Associates and Joint Ventures – measuring an associate or joint venture at fair value • AASB 140 Investment Property – change in use.
Application Date of the Standard		1 January 2018
Application Date for Group		1 July 2018
Impact on Group Financial report		The adoption of this standard is not expected to have a material impact on the Group.

Notes to the Financial Statements

For the year ended 30 June 2017

b) Statement of compliance continued

AASB Interpretation 22	Foreign Currency Transactions and Advance Consideration
Summary	The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) or on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.
Application Date of the Standard	1 January 2018
Application Date for Group	1 July 2018
Impact on Group Financial report	The Group is currently assessing the impact of this standard.
AASB 2017-2	Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle
Summary	This Standard clarifies the scope of AASB 12 Disclosure of Interests in Other Entities by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.
Application Date of the Standard	1 January 2017
Application Date for Group	1 July 2017
Impact on Group Financial report	The adoption of this standard is not expected to have a material impact on the Group.
AASB Interpretation 23	Uncertainty over Income Tax Treatments
Summary	<p>The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 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 Group Financial report	The adoption of this standard is not expected to have a material impact on the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Financial Statements

For the year ended 30 June 2017

c) Basis of consolidation

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

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

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

d) Business combinations and asset acquisitions

Business combinations

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. This includes the separation of embedded derivatives in host contracts by the acquiree.

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.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units.

Where goodwill forms part of the cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Asset acquisitions

Assets that do not meet the definition of a business are accounted for as asset acquisitions. Under this method, assets are initially recognised at a value based on their proportionate share of consideration transferred. Under this method transaction costs are capitalised to the asset and not expensed.

Notes to the Financial Statements

For the year ended 30 June 2017

e) Joint arrangements

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 a number of 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
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

f) Foreign currency

The functional and presentation currency of the Company is Australian dollars.

Translation of foreign currency transactions

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.

Translation of the financial result of foreign operations

An entity's functional currency is the currency of the primary economic environment in which the entity, or a significant component of the entity, operates.

Other than Sukananti Ltd, which has been disposed of in the year, which had a US dollar functional currency, all other subsidiaries of the Group have an Australian dollar functional currency.

g) Investments

Equity instruments at fair value through other comprehensive income

Investments are classified as equity instruments at fair value through other comprehensive income 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. Changes in the fair value of equity investments are recognised as a separate component of equity. The equity reserve will never be recycled through profit or loss.

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

Investments in associates

Investments in associates are initially recognised at cost. Any surplus over the Group's share in the associates net assets on acquisition is accounted for as goodwill; any deficit is treated as an accounting gain and recognise immediately in the income statement.

After initial recognition, the Group recognises its share of the associate's profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2017

h) Revenue and cost recognition

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

Revenues and costs from production sharing contracts

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

Interest revenue

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

Joint venture fees

Joint venture fees are in respect of the Group's parent's ability to recover overhead costs relating to operated activities. Joint venture fees include overhead recoveries on operated activities, parent Company overheads, operator overhead allowances and other indirect charges. Revenue is recognised when the Group's right to receive payment is established or services are rendered.

i) Depreciation and amortisation

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

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

j) Employee benefits

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

The general provisions for long service leave are 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.

Notes to the Financial Statements

For the year ended 30 June 2017

k) Share based payments

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

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.

l) Leases

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

l) Leases continued

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

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

m) Income tax

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

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

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

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

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, except:

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

Future taxable profits are estimated by Board approved internal budgets and forecasts.

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

Unrecognised deferred income tax assets are assessed at each Consolidated Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Where allowable by initial recognition exemptions, deferred tax assets and deferred tax liabilities that arise on acquisition are netted off against each other.

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

n) Other taxes

Goods and Services Taxes ("GST")

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

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

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

Cash flows are included in the Cash Flow Statement on a 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.

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

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. The Group has lodged starting base returns for all exploration and production areas. In June 2013, participants including the Company were granted a combination certificate for the Cooper Basin projects essentially deeming PEL 92 and PEL 93 to be a single project for PRRT purposes.

o) Exploration and evaluation expenditure

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

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

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

Exploration and evaluation expenditure which does not satisfy these criteria is written off. Specifically, costs carried forward in respect of an area of interest that is abandoned or costs relating directly to the drilling of 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. 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 transferred to oil and gas assets.

Notes to the Financial Statements

For the year ended 30 June 2017

p) Oil and gas assets

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

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

q) Provision for restoration

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

A restoration provision is recognised upon commencement of construction and then reviewed on an annual basis.

When the liability is recorded the carrying amount of the production asset is increased by the restoration costs and are depreciated over the producing life of the asset. Over time, the liability is increased for the change in the present value based on a risk 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 and then depreciated over the producing life of the asset. Any change in the discount rate is applied prospectively.

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

r) Property, plant and equipment

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

s) Impairment of non-current assets

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

t) Cash and cash equivalents

Cash and short term deposits in the Consolidated Statement of Financial Position comprise cash at bank and short term deposits generally with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 90 days from date of investment, net of outstanding bank overdrafts.

u) Trade and other receivables

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

An allowance for doubtful debts is made in accordance with the expected credit loss method. An allowance for doubtful debts is raised at an amount equal to the lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is recognised at an amount equal to the lifetime expected credit losses. Bad debts are written off when identified.

v) Inventory

Inventories are carried at the lower of their cost or net realisable value. Inventories held by the Group are in respect of stores and spares involved in drilling operations.

w) Trade and other payables

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

x) Provisions

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

y) Contributed equity

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

Any transaction costs arising on the issue of ordinary shares 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.

z) Earnings per share

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

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

aa) Derivative financial instruments

Derivatives are initially recognised at their fair value when the Group becomes a party to the contract. Oil price options measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast sales.

Cash flow hedges

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.

The Group uses oil price options as hedges of its exposure to commodity price 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.

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.

bb) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

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

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 Financial Statements

For the year ended 30 June 2017

(i) *Significant accounting judgements continued*

Taxation

The Group's accounting policy for taxation requires management's judgement in relation to the types of arrangements considered to be a tax on income 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 (Imposition – General) Act 2011, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits.

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

Operating lease commitments

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

(ii) *Significant accounting estimates and assumptions*

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

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 Company's Hydrocarbon Guidelines (www.cooperenergy.com.au/policies). A technical understanding of the geological and engineering processes enables the recoverable hydrocarbon estimates to be determined by using forecasts of production, commodity prices, production costs, exchange rates, tax rates and discount rates.

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

Impairment of capitalised exploration and evaluation expenditure

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2017

(ii) Significant accounting estimates and assumptions continued

Impairment of oil and gas assets and property, plant & equipment

The Group reviews the carrying amount of oil and gas assets and property, plant & equipment at each reporting date starting with analysis of any indicators of impairment. Where indicators of impairment are present, the Group will test whether the cash generating unit's recoverable amount exceeds its carrying amount. The Group makes assumptions regarding future production and sales volumes, pricing, foreign exchange rates and capital and operating expenditure. The sensitivity of the impairment models to these assumptions is tested as part of this process and shows that the models are most sensitive to management's assumptions relating to production and pricing.

Provisions for decommissioning and restoration costs

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

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

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

Share-based payments transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuation expert using the calculation criteria detailed in Note 2(k).

3. Segment reporting

Identification of reportable segments and types of activities

Following the completion of the Victorian gas asset acquisition in the second half of the year, the Group identified its operating segments to be Cooper Basin, South East Australia (based on the nature and geographic location of the assets) and the Corporate and Discontinued operating segments. This forms the basis that the Group reports internally 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. The comparative disclosures have been restated to be on a consistent basis as the new segments.

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

The following are the current segments:

Cooper Basin

Exploration and evaluation of oil and gas and production and sale of crude oil in the Company'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 Origin Energy Resources Limited.

South East Australia

The South East Australia segment primarily consists of the Sole gas project, Manta gas project and gas production from the Company's interest in the operated Casino Henry and non-operated Minerva 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. Included within the segment is also the Orbost Gas Plant which is being sold to APA Group and is classified as assets held for sale as outlined in Note 11.

Notes to the Financial Statements

For the year ended 30 June 2017

3. Segment reporting continued

Corporate Business Unit

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

Discontinued Operations

Discontinued operations consist of the Company's former interests in Indonesia and Tunisia which have been sold or withdrawn from at 30 June 2017.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally is the same as those contained in Note 2 to the accounts and in the prior period.

Notes to the Financial Statements

For the year ended 30 June 2017

3. Segment reporting continued

The following table presents revenue and segment results for reportable segments:

	Cooper Basin \$'000	South East Australia \$'000	Corporate \$'000	Continuing Operations Total \$'000	Discontinued Operations Total \$'000	Consolidated \$'000
Year ended 30 June 2017						
Revenue	15,513	19,135	-	34,648	4,481	39,129
Other income and revenue	-	-	1,614	1,614	-	1,614
Total consolidated revenue	15,513	19,135	1,614	36,262	4,481	40,743
Depreciation of property	-	-	(235)	(235)	(56)	(291)
Amortisation of development costs	(1,842)	(7,715)	-	(9,557)	(59)	(9,616)
Amortisation of exploration costs	(241)	-	-	(241)	-	(241)
Accretion on rehabilitation provision	(92)	(2,420)	-	(2,512)	-	(2,512)
Accretion on success fee liability	-	(43)	-	(43)	-	(43)
Impairment	-	-	-	-	(1,020)	(1,020)
Care & maintenance	-	(1,629)	-	(1,629)	-	(1,629)
Share of loss in associate	-	-	(533)	(533)	-	(533)
Restoration expense	-	(1,226)	-	(1,226)	-	(1,226)
Fair value adjustment on success fee	-	58	-	58	-	58
Share based payments	-	-	(2,272)	(2,272)	-	(2,272)
Production expenses	(6,162)	(3,036)	-	(9,198)	(1,780)	(10,978)
Royalties	(1,062)	-	-	(1,062)	(672)	(1,734)
Gain on sale of subsidiary	-	-	-	-	1,395	1,395
Other expenses	-	-	(13,270)	(13,270)	(360)	(13,630)
Exit provision	-	-	-	-	(4,031)	(4,031)
Exploration costs written off	(1,577)	-	-	(1,577)	(242)	(1,819)
Segment result	4,537	3,124	(14,696)	(7,035)	(2,344)	(9,379)
Income tax						4,665
Petroleum Resource Rent Tax						(7,598)
Net Loss	4,537	3,124	(14,696)	(7,035)	(2,344)	(12,312)
Segment liabilities	6,526	163,492	33,825	203,843	3,754	207,597
Segment assets	16,718	316,006	159,920	492,644	-	492,644
Non-Current Assets	12,684	283,981	8,684	305,349	-	305,349

Notes to the Financial Statements

For the year ended 30 June 2017

3. Segment reporting continued

	Cooper Basin \$'000	South East Australia \$'000	Corporate \$'000	Continuing Operations Total \$'000	Discontinued Operations Total \$'000	Consolidated \$'000
Year ended 30 June 2016						
Revenue	20,257	-	-	20,257	7,169	27,426
Other income and revenue	-	-	850	850	-	850
Total consolidated revenue	20,257	-	850	21,107	7,169	28,276
Depreciation of property	-	-	(284)	(284)	(178)	(462)
Amortisation of development costs	(2,461)	-	-	(2,461)	(1,251)	(3,712)
Amortisation of exploration costs	(405)	-	-	(405)	-	(405)
Accretion on rehabilitation provision	(111)	(1,288)	-	(1,399)	-	(1,399)
Accretion on success fee liability	-	(12)	-	(12)	-	(12)
Impairment	(4,066)	(17,645)	(154)	(21,865)	(11,820)	(33,685)
Care & maintenance	-	(634)	-	(634)	-	(634)
Share of loss in associate	-	-	(87)	(87)	-	(87)
Fair value adjustment on success fee	-	-	19	19	-	19
Share based payments	-	-	(1,884)	(1,884)	-	(1,884)
Production expenses	(8,181)	-	-	(8,181)	(3,041)	(11,222)
Royalties	(1,133)	-	-	(1,133)	(1,072)	(2,205)
Other expenses	-	-	(9,068)	(9,068)	(2,488)	(11,556)
Exit provision	-	-	-	-	(3,663)	(3,663)
Exploration costs written off	292	-	-	292	(180)	112
Segment result	4,192	(19,579)	(10,608)	(25,995)	(16,524)	(42,519)
Income tax						7,680
Net Loss						(34,839)
Segment liabilities	5,280	67,984	7,212	80,473	4,308	84,781
Segment assets	13,158	106,575	50,957	170,690	5,641	176,331
Non-Current Assets	10,186	106,547	1,315	118,048	75	118,123

Notes to the Financial Statements

For the year ended 30 June 2017

3. Segment reporting continued

Revenue from external customers by geographical location of production

	2017 \$'000	2016 \$'000
Australia	34,648	20,257
Indonesia	4,481	7,169
Total revenue	39,129	27,426

Revenue from two customers amounted to \$29,423,000 (2016: \$19,304,000 from one customer) arising from oil and gas sales.

Notes to the Financial Statements

For the year ended 30 June 2017

4. Revenues and expenses

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

	Consolidated	
	2017	2016
	\$'000	\$'000
Revenues from operations		
Oil sales	15,738	20,257
Gas sales	18,910	-
Total revenue from operations	34,648	20,257
Other revenue		
Interest revenue	1,331	777
Joint venture fees	283	73
Total other revenue	1,614	850
Cost of sales		
Production expenses	(9,198)	(8,181)
Royalties	(1,062)	(1,133)
Amortisation of exploration costs in areas under production	(241)	(405)
Amortisation of development costs in areas under production	(9,557)	(2,461)
Total cost of sales	(20,058)	(12,180)
Finance costs		
Accretion of rehabilitation cost	(2,512)	(1,399)
Accretion of success fee liability	(43)	(12)
Total finance costs	(2,555)	(1,411)
Other expenses		
Depreciation of property, plant and equipment	(235)	(284)
General administration (includes employee benefits and lease payments)	(12,945)	(9,319)
Consultants and compliance	(2,443)	(1,462)
Care and maintenance	(1,629)	(634)
Loss on fair value of oil price derivative	-	(275)
Loss on deemed disposal of associate	-	(105)
Restoration expense	(1,226)	-
Fair value adjustment of success fee liability	58	19
Realised and unrealised foreign currency translation gain	(154)	209
Total other expenses	(18,574)	(11,851)
Employee benefits expense		
Director and employee benefits	(8,172)	(6,668)
Share based payments	(2,272)	(1,884)
Superannuation expense	(440)	(380)
Total employee benefits expense	(10,884)	(8,932)
Lease payments		
Minimum lease payment – operating lease	(352)	(328)

Notes to the Financial Statements

For the year ended 30 June 2017

5. Income Tax

The major components of income tax expense are:

	Consolidated	
	2017	2016
	\$'000	\$'000
Consolidated Statement of Comprehensive Income		
<i>Current income tax</i>		
Adjustments in respect of prior year income tax	(38)	205
	(38)	205
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	4,824	7,543
Adjustments in respect of prior year income tax	-	159
	4,824	7,702
Income tax benefit	4,786	7,907
		-
<i>Current royalty tax</i>		
Current year	(6,117)	-
	(6,117)	-
<i>Deferred royalty tax</i>		
Origination and reversal of temporary differences	(1,481)	-
	(1,481)	-
Total royalty tax expense	(7,598)	-
Numerical reconciliation between tax expense and pre-tax net profit		
Accounting loss before tax from continuing operations	(7,035)	(25,995)
Income tax using the domestic corporation tax rate of 30% (2016: 30%)	2,111	7,799
Increase/(decrease) in income tax expense due to:		
Non-deductible expenditure	(54)	(232)
Adjustments in respect to current income tax of previous years	(38)	364
Recognition of royalty related income tax benefits	2,279	-
Other	488	-
Non Australian taxation jurisdictional subsidiaries	-	(24)
Total	4,786	108
Royalty related tax expense	(7,598)	-
Income tax benefit	(2,812)	7,907
Income tax recognised in other comprehensive income		
Fair value movement on derivative financial instruments	(369)	300
Income tax using the domestic corporation tax rate of 30% (2016: 30%)	(369)	300

Notes to the Financial Statements

For the year ended 30 June 2017

5. Income tax continued

Cooper Energy Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated Group. Cooper Energy Limited is 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. Cooper Energy Limited formally notified the Australian Tax Office of its adoption of the tax consolidation regime when lodging its 30 June 2003 consolidated tax return.

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*.

Unrecognised temporary differences

At 30 June 2017, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries or joint ventures, as the Group has no liability for additional taxation should unremitted earnings be remitted (2016 \$nil).

Franking Tax Credits

At 30 June 2017 the parent entity had franking tax credits of \$42,856,152 (2016: \$42,856,152). The fully franked dividend equivalent is \$142,852,840 (2016 \$99,997,690).

PRRT

Cooper Energy Limited has recognised a Deferred Tax Liability for Petroleum Resource Rent Tax (PRRT) of \$1,481,000 (2016: \$nil) relating to PRRT on the Company's producing gas assets. The Company has not recognised a Deferred Tax Asset for PRRT of \$29,386,000 (2016: \$26,623,000) relating to the Company's Cooper Basin oil producing assets on the basis that it has a significant level of undeducted expenditure and nil PRRT payments projected in the future.

Income Tax Losses

(a) Revenue Losses

Cooper Energy has recognised a Deferred Tax Asset for the year ended 30 June 2017 of \$16,275,000 (2016: \$7,661,000).

(b) Capital Losses

Cooper Energy has not recognised a Deferred Tax Asset for Australian income tax capital losses of \$62,272,095 (2016: \$60,108,000) on the basis that it is not probable that the carried forward capital losses will be utilised against future assessable capital profits.

Notes to the Financial Statements

For the year ended 30 June 2017

5. Income tax continued

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deferred income tax from corporate tax				
Deferred income tax at 30 June relates to the following:				
<i>Deferred tax liabilities</i>				
Trade and other receivables	2,419	933	1,486	641
Oil and gas assets	325	-	325	-
Exploration and evaluation	15,934	17,588	3,398	(5,882)
Provisions	-	-	-	(158)
Other	24	-	-	-
Unrealised currency translation gain	38	-	38	144
	18,740	18,521		
<i>Deferred tax assets</i>				
Property, plant & equipment	-	10	(10)	(2)
Oil and gas assets	-	1,762	(1,762)	466
Unrealised currency translation gain	-	2	(2)	2
Trade and other payables	1,199	-	1,199	(29)
Provision for employee entitlements	365	575	(210)	(106)
Provisions	2,488	5,640	1,900	5,640
Other	473	496	(22)	320
Capital raising costs in equity	2,255	199	-	-
Tax losses	16,275	7,661	8,614	6,984
	23,054	16,345		
Deferred tax income (expense)			14,954	8,207
Deferred tax asset/(liability) from corporate tax	4,315	(2,176)		
Deferred income tax from petroleum resource rent tax				
Deferred income tax at 30 June relates to the following:				
<i>Deferred tax liabilities</i>				
Oil and gas assets	1,481	-	-	-
As represented on the Consolidated Statement of Financial Position, deferred tax asset	4,315	-		
As represented on the Consolidated Statement of Financial Position, net deferred tax liability	-	2,176		

Notes to the Financial Statements

For the year ended 30 June 2017

6. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential options into ordinary shares. At 30 June 2017 there exists 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.

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

	Consolidated	
	2017	2016
	\$'000	\$'000
Net loss attributable to ordinary equity holders of the parent from continuing operations	(9,847)	(18,088)
	2017	2016
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	683,255	343,602
Weighted average number of ordinary shares adjusted for the effect of dilution	683,255	343,602
Basic earnings per share for the period (cents per share)	(1.4)	(5.3)
Diluted earnings per share for the period (cents per share)	(1.4)	(5.3)
	Consolidated	
	2017	2016
	\$'000	\$'000
Net loss attributable to ordinary equity holders of the parent from continuing and discontinued operations	(12,312)	(34,839)
	2017	2016
	Thousands	Thousands
Weighted average number of ordinary shares for basic earnings per share	683,255	343,602
Weighted average number of ordinary shares adjusted for the effect of dilution	683,255	343,602
Basic earnings per share for the period (cents per share)	(1.8)	(10.1)
Diluted earnings per share for the period (cents per share)	(1.8)	(10.1)

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.

The weighted average number of potentially dilutive shares at 30 June 2017 is 705,291 thousand shares (including performance rights and share appreciation rights that have not been achieved and vested at the end of the financial year).

Notes to the Financial Statements

For the year ended 30 June 2017

7. Cash and cash equivalents and term deposits

	Consolidated	
	2017 \$'000	2016 \$'000
Current Assets		
Cash at bank and in hand	49,425	16,815
Short term deposits at banks (i)	98,000	32,902
Total cash and cash equivalents	147,425	49,717
Non-Current Assets		
Term deposits at bank (ii)	41	91

- (i) Short term deposits at banks are in Australian dollars and are generally for periods of three months or less and earn interest at money market interest rates. At June 2017 there are no term deposits with a maturity greater than 3 months. At June 2016 this amount also included term deposits of \$10 million which had a maturity greater than 3 months, but which were not subject to significant break costs had the Company wished to withdraw these funds before maturity.
- (ii) The carrying value of term deposits approximates their fair value.

As disclosed in Note 30, the Company has executed binding underwritten commitments for \$250 million under a senior reserve based lending facility. Financial close and drawdown are subject to the Company being in a position to fund the agreed non debt proportion of the Sole gas field development costs, completion of the APA transaction, and a number of conditions precedent, including perfection of security, environmental and insurance due diligence and a gas market independent review report.

Notes to the Financial Statements

For the year ended 30 June 2017

7. Cash and cash equivalents and term deposits continued

	Consolidated	
	2017	2016
	\$'000	\$'000
Reconciliation of net profit after tax to net cash flows from operating activities		
Net Profit/(loss) for the Year	(12,312)	(34,839)
<i>Adjustments for:</i>		
Amortisation of development costs in areas of production	9,616	3,712
Amortisation of exploration costs in areas under production	241	405
Depreciation of property, plant and equipment	291	462
Exploration and evaluation written off	1,819	(112)
Exit provision	(3,703)	3,663
Impairment of Non-Current Assets	1,020	33,685
(Gain)/loss on sale of assets held for sale	(1,395)	904
Share of loss in associate	533	87
Share based payments	2,272	1,884
Finance cost	2,555	1,411
Restoration expense	1,226	-
Fair value adjustment of success fee liability	(58)	(19)
Unrealised foreign currency translation (gain)/loss	57	138
Loss on fair value movement of oil price derivatives	-	275
(Increase)/decrease in trade and other receivables	(10,474)	3,513
(Increase)/decrease in inventories	-	940
(Increase)/decrease in prepayments	(507)	337
(Decrease)/increase in deferred taxes	(5,010)	(8,844)
(Decrease)/increase in trade and other payables	13,216	(922)
(Decrease)/increase in current tax liability	-	859
(Decrease)/increase in provisions	559	4,539
(Increase)/decrease in held for sale assets	4,132	(4,143)
Net cash from operating activities	4,078	7,935

8. Trade and other receivables

	Consolidated	
	2017	2016
	\$'000	\$'000
Current Assets		
Trade receivables (i)	2,813	2
Accrued revenue	7,855	2,954
Related party receivables (ii)	-	170
Related party receivables – joint ventures (iii)	-	77
Hedge settlement receivable	-	125
Interest receivable	210	72
	10,878	3,400

- (i) Trade receivables are non-interest bearing and are generally on 30-90 days terms. There are no past due or impaired receivables and none that have a history of past default.
- (ii) All related party receivables are current within agreed terms of trade and do not exceed 180 days.
- (iii) Related party receivables for joint ventures are for work to be undertaken in the near term and are within contractual arrangements.

Notes to the Financial Statements

For the year ended 30 June 2017

8. Trade and other receivables continued

Non-Current Assets	Consolidated	
	2017 \$'000	2016 \$'000
Trade receivables	1,739	-
Consideration receivable	1,258	-
	2,997	-

9. Prepayments

Current Assets	Consolidated	
	2017 \$'000	2016 \$'000
Bank facility fee	79	154
Insurance	1,787	142
Other	36	7
	1,902	303
Non-Current Assets		
Insurance	911	-
	911	303

10. Equity instruments at fair value through other comprehensive income

	Consolidated	
	2017 \$'000	2016 \$'000
Shares at fair value	658	790
A reconciliation of the movement during the year is as follows:-		
Opening balance	790	1,343
Fair value movement	(132)	(553)
Closing balance	658	790

The equity investments consist of one investment and the Group has received no dividends throughout the financial year.

Notes to the Financial Statements

For the year ended 30 June 2017

11. Discontinued operations and assets held for sale

Indonesia

During 2017, the Company executed a share sale agreement with Bass Oil Company Limited (BAS), the Company's associate, for the sale of its remaining Indonesian asset, a 55% interest in the Tangai-Sukananti KSO. Total consideration was \$5.7 million consisting of cash consideration, shares in BAS, deferred consideration and working capital adjustments. The transaction completed on the 28 February 2017. A receivable of \$2.3 million has been recognised relating to the deferred consideration receivable from Bass Oil Company Limited which will be fully received by December 2018.

Tunisia

The Company exited the Hammamet and Nabeul joint ventures during the 2016 financial year. The remaining interest in Tunisia, the Bargou joint venture, has been assigned to joint venture partner Dragon Oil Ltd (Dragon). The abandonment activities and finalisation of transfer of operatorship were completed during the March 2017 quarter, and the closure of the Tunisia office.

Orbost Gas Plant

On 1 June 2017 the Company announced the execution of the Agreement (originally announced on 27 February 2017) for APA Group to acquire, upgrade and operate the Orbost Gas Plant. Completion of this transaction remains subject to certain conditions precedent including finalisation of the Company's debt funding and final investment decision for the Sole gas development project. The assets and liabilities relating to the plant are classified as held for sale.

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

	2017 \$'000	2016 \$'000
Trade and other receivables	-	3,861
Oil and gas assets	24,631	819
Other assets	459	108
Total assets held for sale	25,090	4,788
Trade and other payables	(14,790)	(282)
Provisions	(10,658)	(221)
Other liabilities	-	(142)
Total (liabilities) associated with assets held for sale	(25,448)	(645)
Net (liabilities)/assets directly associated with disposal Group	(358)	4,143
Revenue for the year from discontinued operations	4,481	7,169
Expenses for the year from discontinued operations	(7,200)	(11,873)
Gain on sale	1,395	-
Impairment loss recognised	(1,020)	(11,820)
Pre-tax loss for the year from discontinued operations	(2,344)	(16,524)
Income tax expense	(121)	(227)
Loss for the year from discontinued operations	(2,465)	(16,751)
Operating cash flows from discontinued operations	420	1,164
Investing cash flows from discontinued operations	(929)	(3,055)
Financing cash flows from discontinued operations	-	-
Total net cash flow from discontinued operations	(509)	(1,891)
Basis loss per share from discontinued operations (cents per share)	(0.4)	(4.9)
Diluted loss per share from discontinued operations (cents per share)	(0.4)	(4.9)

Notes to the Financial Statements

For the year ended 30 June 2017

12. Investments in associate

The Group has a 15.78% (2016: 13.94%) interest in Bass Oil Limited (ASX: BAS), which is involved in oil production and development in Indonesia oil and gas exploration in the Gippsland Basin, offshore Victoria, Australia. The Group's interest in Bass Oil Limited is accounted for using the equity method in the consolidated financial statements. During the 2015 financial year, the Group obtained significant influence over the investment following the election of one of the Group's board members to the board of Bass Oil Limited, and therefore commenced accounting for the investment as an investment in associate.

The carrying value of the Group's investment in its associated is nil following the recognition of the Group's share of the associated profit and loss. The fair value of the investment at 30 June 2017 is \$353,361.

The Group has accumulated unrecognised losses in respect of the Group's investment in its associate. Any future profits generated by the associate will be offset by the accumulated unrecognised losses before any profit can be recognised.

13. Asset acquisition

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

- a 50% interest and operatorship of the producing Casino Henry gas assets (VIC/L30, VIC/L24) ("Casino Henry") in the offshore Otway Basin;
- a 10% interest in the producing Minerva gas field (VIC/L22) and Minerva Gas Plant in the Otway Basin ("Minerva");
- the remaining 50% interests in the Sole gas field ("Sole") and Orbost Gas Plant in the Gippsland Basin, increasing Cooper Energy's interest in both assets to 100%;
- acreage prospective for gas in the offshore Otway Basin, Victoria, including VIC/P44, VIC/RL11 and /RL12; and
- a 100% interest in the largely depleted and non-operating Patricia Baleen gas field and associated infrastructure ("Patricia Baleen") in the offshore Gippsland Basin. Sub-sea infrastructure at Patricia Baleen connects the adjacent Longtom gas field to the Orbost Gas Plant.

The acquisition of Casino Henry, Sole, Patricia Baleen field and the prospective acreage in the Otway Basin completed on 10 January 2017. The acquisition of the Minerva gas field and Minerva Gas Plant completed on 7 April 2017.

Consideration transferred:

	\$'000
Cash (including working capital)	65,000
Contingent consideration ¹	20,000
	<u>85,000</u>

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

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

The bonus consideration has been provided for at 30 June 2017 within trade and other payables (refer to Note 18)

Notes to the Financial Statements

For the year ended 30 June 2017

13. Asset Acquisition continued

The table below illustrates the assets acquired and liabilities assumed as part of the transactions.

	Casino Henry, Sole, Patricia Baleen \$'000	Minerva \$'000	Total \$'000
Inventory	2,459	-	2,459
Property, plant and equipment	436	3,307	3,743
Exploration and evaluation assets	84,061	-	84,061
Oil and gas assets	64,724	1,966	66,690
Rehabilitation provision	(66,620)	(5,067)	(71,687)
Other provision	(266)	-	(266)
Net assets acquired	84,794	206	85,000

14. Oil and Gas assets

	Transferred Exploration and Evaluation \$'000	Development \$'000	Total \$'000
Year end 30 June 2017			
Carrying amount at 1 July 2016	1,373	4,012	5,385
Additions	-	6,530	6,530
Gas assets acquired (i)	-	66,690	66,690
Amortisation	(241)	(8,962)	(9,203)
Carrying amount at 30 June 2017	1,132	68,270	69,402
As at 30 June 2017			
Cost	5,174	100,354	105,528
Accumulated amortisation & impairment	(4,042)	(32,084)	(36,126)
	1,132	68,270	69,402
Year end 30 June 2016			
Carrying amount at 1 July 2015	1,778	10,143	11,921
Classified as held for sale	-	(4,297)	(4,297)
Additions	-	627	627
Amortisation	(405)	(2,461)	(2,866)
Carrying amount at 30 June 2016	1,373	4,012	5,385
As at 30 June 2016			
Cost	5,174	27,134	32,308
Accumulated amortisation & impairment	(3,801)	(23,122)	(26,923)
	1,373	4,012	5,385

(i) Refer to Note 13.

Notes to the Financial Statements

For the year ended 30 June 2017

15. Impairment

	Consolidated	
	2017	2016
	\$'000	\$'000
Impairment		
Investments in associates	-	(154)
Exploration and evaluation	-	(21,711)
Total	-	(21,865)

There were no impairment losses for continuing operations recognised during the financial year.

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

Exploration and evaluation impairment

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

Oil and gas asset impairment

At year-end the Company's oil and gas assets were assessed for impairment indicators in accordance with AASB 136. Following this assessment, no impairment indicators were present and no impairment was recognised on oil and gas assets during the 2017 financial year.

16. Property, plant and equipment

	Consolidated	
	2017	2016
	\$'000	\$'000
Year end 30 June		
Carrying amount at 1 July	708	981
Assets acquired	3,743	-
Additions	2,159	45
Disposals/written off	(1)	(34)
Depreciation and amortisation	(830)	(284)
Transferred to assets held for sale	(2,085)	-
Carrying amount at 30 June	3,694	708
As at 30 June		
Cost	5,917	2,101
Accumulated depreciation	(2,223)	(1,393)
	3,694	708

Notes to the Financial Statements

For the year ended 30 June 2017

17. Exploration and evaluation

	Consolidated	
	2017 \$'000	2016 \$'000
Reconciliations of the carrying amounts of capitalised exploration at the beginning and end of the financial year are set out below:		
Carrying amount at 1 July	110,976	105,363
Exploration expenditure classified as held for sale	-	(15,270)
Additions	29,094	22,878
Exploration acquired (i)	84,061	19,424
Unsuccessful exploration wells written (off)/back (ii)	(800)	292
Impairment	-	(21,711)
Carrying amount at 30 June (iii)	223,331	110,976

(i) Refer to Note 13

(ii) Exploration write offs relate to exploration wells that were plugged and abandoned as unsuccessful during the year.

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

18. Trade and other payables

	Consolidated	
	2017 \$'000	2016 \$'000
Trade payables (i)	5,110	489
Hedge payable	22	-
Contingent bonus consideration (ii)	20,000	-
Accruals	29,366	2,505
	54,498	2,994
Related party payables – joint arrangements (iii)	4,022	5,020
	58,520	8,014

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

(ii) Contingent bonus consideration is payable to Santos Ltd on final investment decision on the Sole gas project. Refer to Note 13.

(iii) Related party payables are accrued expenditure incurred on joint arrangements

19. Provisions

	Consolidated	
	2017 \$'000	2016 \$'000
Current Liabilities		
Restoration provision	14,584	-
Exit penalty provision	3,754	3,663
Employee provisions	850	401
	19,188	4,064
Non-Current Liabilities		
Long service leave provision	365	346
Restoration provisions	99,437	65,202
	99,802	65,548

Notes to the Financial Statements

For the year ended 30 June 2017

19. Provisions continued

	Consolidated	
	2017	2016
	\$'000	\$'000
Movement in carrying amount of the non-current restoration provision:		
Carrying amount at 1 July	65,202	45,049
Transferred to held for sale	(9,980)	-
Restoration expenditure incurred	(155)	-
Transferred to current provisions	(14,584)	-
Provision through asset acquisition	71,687	19,424
Increase through accretion	2,512	1,399
Impact of changes in restoration assumptions (i)	(15,245)	(670)
Carrying amount at 30 June	99,437	65,202

(i) Changes in restoration assumptions results from a change in discount rate from 2.12% to 2.41% and changes in gross cost assumptions.

The restoration provision is the present value of the Group's share of the estimated cost to restore operating locations. The nature of restoration activities includes the obligations relating to the reclamation, waste site closure, plant closure, production facility removal and other costs associated with the restoration of the site. However, actual restoration costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time and the condition of the site at the time of the restoration. Furthermore, the timing of restoration is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

The discount rate used in the calculation of the provision as at 30 June 2017 equalled 2.41% (2016: 2.12%) reflecting the Australian Government 10 year bond rate.

20. Financial liabilities

	Consolidated	
	2017	2016
	\$'000	\$'000
Success fee financial liability	3,044	3,059
Movement in carrying amount of the success fee financial liability:		
Carrying amount at 1 July	3,059	3,066
Finance cost	43	12
Fair value adjustment	(58)	(19)
Carrying amount at 30 June	3,044	3,059

The success fee liability is the fair value of the Group's liability to pay a \$5,000,000 success fee upon the commencement of commercial production of hydrocarbons on the Group's VIC/RL13, 14 & 15 assets in the Gippsland Basin offshore Victoria acquired on 7 May 2014.

The discount rate used in the calculation of the liability as at 30 June 2017 equalled 2.41% (2016: 2.12%) reflecting the Australian Government 10 year bond rate.

Notes to the Financial Statements

For the year ended 30 June 2017

21. Contributed equity and reserves

Share capital

	Consolidated	
	2017 \$'000	2016 \$'000
Ordinary shares		
Issued and fully paid	343,161	137,558

Capital raising

During the period the Group raised \$203.9 million (net of costs and tax of \$9.9 million) through institutional placements and entitlement offers, 699,662,038 new ordinary shares were issued.

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

	2017		2016	
	Thousands	\$'000	Thousands	\$'000
Movement in ordinary shares on issue				
At 1 July	435,186	137,558	331,905	115,460
Equity issue	699,662	203,940	101,047	21,650
Issuance of shares to contractors	630	223	-	-
Issuance of shares for performance rights & share appreciation rights	5,073	1,440	2,234	448
At 30 June	1,140,551	343,161	435,186	137,558

Reserves

	Consol. reserve \$'000	Foreign currency translation 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 2015	(541)	895	5,772	25	-	-	6,151
Other comprehensive income/ (expenditure)	-	237	-	-	(700)	(553)	(1,016)
Transferred to issued capital	-	-	(448)	-	-	-	(448)
Share-based payments	-	-	1,884	-	-	-	1,884
At 30 June 2016	(541)	1,132	7,208	25	(700)	(553)	6,571
Other comprehensive income/ (expenditure)	-	(1,132)	-	-	861	(132)	(403)
Transferred to issued capital	-	-	(1,440)	-	-	-	(1,440)
Share-based payments	-	-	2,049	-	-	-	2,049
At 30 June 2017	(541)	-	7,817	25	161	(685)	6,777

Notes to the Financial Statements

For the year ended 30 June 2017

21. 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.

Foreign currency translation reserve

This reserve is used to record the value of foreign currency movements on retranslation of the net assets of the US dollar functional currency subsidiary.

Share based payment reserve

This reserve is used to record the value of equity benefits provided to employees 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

	Consolidated	
	2017 \$'000	2016 \$'000
Movement in accumulated losses:		
Balance at 1 July	(52,579)	(17,740)
Net loss for the year	(12,312)	(34,839)
Balance at 30 June	(64,891)	(52,579)

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. 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. The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to its finance facilities that form part of its capital structure requirements. The Group currently has no interest bearing debt. 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 years ended 30 June 2017 and 30 June 2016.

Notes to the Financial Statements

For the year ended 30 June 2017

22. Financial risk management objectives and policies

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

The Group manages its exposure to key financial risks in accordance with its risk management policy with the objective to ensure that the financial risks inherent in oil and gas exploration activities are identified and then managed or kept as low as reasonably practicable. The Company has established a Risk and Sustainability Committee from 1 July 2017.

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.

It is, and has been, throughout the period under review, the Board's policy 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.

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

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.

Set out below is an overview of financial instruments held by the Group, with a comparison of the carrying amounts and fair values as at 30 June 2017:

		Carrying amount		Fair value	
	Level	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Consolidated					
Financial assets					
Equity instruments at fair value through other comprehensive income	1	658	790	658	790
Financial liabilities					
Success fee financial liability	3	3,044	3,059	3,044	3,059
Derivative financial instruments	2	114	1,275	114	1,275

22. Financial risk management objectives and policies continued

The financial assets and liabilities of the Group are recognised in the consolidated statement of financial position in accordance with the accounting policies set out in Note 2.

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

Equity instruments at fair value through other comprehensive income

The fair value of equity instruments is determined by reference to their quoted market price on a prescribed equity stock exchange at the reporting date, and hence is a level 1 fair value measurement.

Derivative financial instruments

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

Success fee financial liability

The success fee liability is the fair value of the Group's liability to pay a \$5,000,000 success fee upon the commencement of commercial production of hydrocarbons on the Group's VIC/RL13-15 assets acquired on 7 May 2014. The significant unobservable valuation inputs for the success fee financial liability include: a probability of 37% that no payment is made and a probability of 63% the payment is made in 2022. The discount rate used in the calculation of the liability as at 30 June 2017 equalled 2.41% (June 2016: 2.12%). The financial liability is valued using a discounted cash flow model and the value is sensitive to changes in discount rate and probability of payment.

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 2017 and 30 June 2016.

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 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 2017 and 30 June 2016

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 the Group's functional currency of Australian dollars.

During the year, the Group operated internationally and was exposed to foreign exchange risk arising from various currency exposures, to the United States 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.

Notes to the Financial Statements

For the year ended 30 June 2017

22. Financial risk management objectives and policies continued

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

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

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

	Consolidated	
	2017 \$'000	2016 \$'000
Financial assets		
Cash	2,680	7,045
Term deposits at bank	-	75
Trade and other receivables (current and non-current)	4,011	4,016
Financial liabilities		
Trade and other payables	-	282

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	
	2017 \$'000	2016 \$'000
<i>If the Australian dollar were higher at the balance date by 10%</i>	(608)	(987)
<i>If the Australian dollar were lower at the balance date by 10%</i>	743	1,206

b) Commodity price risk

The Group uses oil price options to manage some of its transaction exposures. These options are 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 2017 of \$4,011,293 (2016: \$2,953,605).

	Impact on after tax profit	
	2017 \$'000	2016 \$'000
<i>If the Brent Average price were higher at the balance date by 10%</i>	461	339
<i>If the Brent Average price were lower at the balance date by 10%</i>	(461)	(339)

Notes to the Financial Statements

For the year ended 30 June 2017

22. Financial risk management objectives and policies continued

c) Interest rate risk

The Group has no borrowings at 30 June 2017 (2016: \$ nil) nor has the Group drawn and repaid any loans from a financial institution during the reporting period.

The Group has interest bearing deposits of \$98,000,000 (2016: \$32,902,000).

	Impact on after tax profit	
	2017 \$'000	2016 \$'000
<i>If the interest rate were 1% rate higher at the balance date</i>	314	24
<i>If the interest rate were 1% rate lower at the balance date</i>	(314)	(24)

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. The Group has had no exposure to bad debts.

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.

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.

Trade and other payables amounting to \$58,520,000 (2016: \$8,014,000) are payable within normal terms of 30 to 90 days.

Financial liability amounting to \$5,000,000 (undiscounted) will be payable upon the commencement of commercial production of hydrocarbons on the Group's VIC/RL13-15 assets. The timing of this payment is uncertain but not expected to be within one year.

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.

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 revaluation reserve	
	2017 \$'000	2016 \$'000
<i>If the share price were 10% higher at the balance date</i>	66	79
<i>If the share price were 10% lower at the balance date</i>	(66)	(79)

Notes to the Financial Statements

For the year ended 30 June 2017

23. Hedge accounting

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

Cash flow hedges

Australian dollar oil price options measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast sales in US dollars. These forecast transactions are highly probable, and they comprise about 28% of the Company's total expected oil sales in US dollars to December 2017.

Oil price cash flow hedges outstanding at 30 June 2017:

- A\$54.45 50% participating swaps for 5,000 bbl/month for the period January 2017 to December 2017.

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

Hedge arrangements (bbl remaining)	FY18H1	Total
A\$54.45 – 50% participating swap	30,000	30,000

These transactions have been entered into in order to reduce the variability of cash flows arising from oil sales during the period July 2017 to December 2017. The impact of these transactions is that the Company has locked in an average floor price of \$54.45/bbl over 28% of production while still being able to participate in upside should the oil price increase.

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

	30 June 2017		30 June 2016	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Fair value of oil price options	-	114	-	1,275

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

During the financial year, \$0.5 million was reclassified from other comprehensive income (OCI) to the income statement in respect of realised hedge settlements.

The cash flow hedges of the expected future sales were assessed to be highly effective and a net unrealised loss of \$0.2 million and a tax expense of \$48,000 relating to the hedging instrument are included in OCI.

The amounts retained in OCI at 30 June 2017 are expected to mature and impact the statement of profit or loss in the first half of 2018.

Notes to the Financial Statements

For the year ended 30 June 2017

24. Commitments and contingencies

	Consolidated	
	2017	2016
	\$'000	\$'000
Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:		
Within one year	255	322
After one year but not more than five years	-	248
After more than five years	-	-
Total minimum lease payments	255	570
Exploration capital commitments not provided in the financial statements and payable:		
Within one year (i)	14,600	5,405
After one year but not more than five years	30	2,200
After more than five years	-	-
Total minimum lease payments	14,630	7,605

The Parent entity leases an office in Adelaide from which it conducts its operations.

(i) The joint venture has applied for a revision to the work schedule that is currently with the minister for approval.

Cooper Energy has executed a number of material contracts to the value of \$208.0 million at 30 June 2017 relating to the Sole gas project. The minimum payment under these contracts at 30 June 2017 is \$67,421,000.

As at 30 June 2017 the Parent entity has bank guarantees for \$160,512 (2016: \$161,512). These guarantees are in relation to performance bonds on exploration permits and guarantees on office leases.

On 1 July 2017 Cooper Energy entered into an operating lease over its Perth office. The operating lease is for a period of 36 months. A bank guarantee for \$60,000 was also issued in respect of the office lease.

Notes to the Financial Statements

For the year ended 30 June 2017

25. Interests in joint arrangements

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

		Ownership Interest	
		2017	2016
a) Joint Arrangements in which Cooper Energy Limited is the operator/manager			
Australia			
VIC/RL 13-15	Oil and gas exploration and production	100% ¹	100%
Indonesia			
Tangai-Sukananti KSO	Oil and gas exploration and production	- ²	55%
Tunisia			
Bargou Exploration Permit	Oil and gas exploration	- ³	30%
b) Joint Arrangements in which Cooper Energy Limited is not the operator/manager			
Australia			
PEL 90K	Oil and gas exploration	25%	25%
PEL 93*	Oil and gas exploration and production	30%	30%
PEL 100	Oil and gas exploration	19.165%	19.167%
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	25%	25%
PRL 32	Oil and gas exploration	30%	30%
PRL 85-104* (Formerly PEL 92)	Oil and gas exploration and production	25%	25%

*Includes associated PPLs

1 Abandonment costs are shared between Cooper Energy Limited and former JV partners.

2 Sold during the period.

3 Withdrawn from during the period.

It is noted that the Victorian gas assets acquired do not meet the definition of joint arrangements and as such are not included in this note.

Notes to the Financial Statements

For the year ended 30 June 2017

26. Related parties

The Group has a related party relationship with its subsidiaries, its joint arrangements (see Note 25) and with its key management personnel (refer to disclosure for key management personnel below).

Key management personnel disclosures

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

Non-Executive Directors	Executive Directors
Mr J. Conde AO (<i>Chairman</i>)	Mr D. Maxwell
Mr J. Schneider	
Ms A. Williams	
Mr H. Gordon (<i>executive director to 24 June 2017</i>)	
Executives at year end	
Mr D. Clegg (<i>General Manager Development from 1 May 2017</i>)	
Ms A. Evans (<i>Legal Counsel and Company Secretary</i>)	
Mr E. Glavas (<i>General Manager Commercial and Business Development</i>)	
Mr I. MacDougall (<i>General Manager Operations</i>)	
Ms V. Suttell (<i>Chief Financial Officer, acting from 18 January 2017 and Chief Financial Officer from 1 July 2017</i>)	
Mr A. Thomas (<i>General Manager Exploration & Subsurface</i>)	
Key Management Personnel who resigned during the year	
Mr J. de Ross (<i>Chief Financial Officer and Company Secretary to 9 December 2016</i>)	

The key management personnel's remuneration included in General Administration (see Note 4) is as follows:

	Consolidated	
	2017	2016
	\$	\$
Short-term benefits	4,355,038	3,550,762
Other long-term benefits	94,811	20,158
Post-employment benefits	183,275	163,750
Performance Rights and Share Appreciation Rights	1,395,760	1,361,363
Termination benefits	283,371	-
Total	6,312,255	5,096,033

Notes to the Financial Statements

For the year ended 30 June 2017

26. Related parties continued

Subsidiaries

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

Name	Country of incorporation	Equity interest	
		2017 %	2016 %
Cooper Energy Sukananti Limited	British Virgin Islands	- ¹	100%
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%
Cooper Energy (Seruway) Pty Ltd	Australia	- ²	100%
CE Poland Pty Ltd	Australia	- ²	100%
Somerton Energy Limited	Australia	100%	100%
Essential Petroleum Exploration Pty Ltd	Australia	100%	100%
Coper Energy (Australia) Pty Ltd	Australia	100% ³	-
Cooper Energy (PBF) Pty Ltd	Australia	100% ⁴	-
Cooper Energy (PB Pipeline) Pty Ltd	Australia	100% ⁵	-
Cooper Energy (CH) Pty Ltd	Australia	100% ⁴	-
Cooper Energy (TC) Pty Ltd	Australia	100% ⁶	-
Cooper Energy (MF) Pty Ltd	Australia	100% ⁴	-
Cooper Energy (MGP) Pty Ltd	Australia	100% ⁴	-
Cooper Energy (IC) Pty Ltd	Australia	100% ⁷	-
Cooper Energy (HC) Pty Ltd	Australia	100% ⁸	-
Cooper Energy (EA) Pty Ltd	Australia	100% ⁵	-
Cooper Energy (Sole) Pty Ltd	Australia	100% ⁹	-
Cooper Energy (PBGp) Pty Ltd	Australia	100%	100%

1 Sold during the period.

2 Deregistered during the period.

3 Incorporated on 19 July 2016

4 Incorporated on 14 October 2016

5 Incorporated on 22 May 2017

6 Incorporated on 21 July 2016

7 Incorporated on 25 July 2016

8 Incorporated on 27 July 2016

9 Incorporated on 29 July 2016

Joint arrangements

During the reporting period, the Group provided geological and technical services to joint arrangements it manages at a cost of \$1,454,000 (2016: \$1,746,000). At the end of the financial period, nothing was outstanding for these services (2016: \$77,800).

An impairment assessment is undertaken each financial year of related party receivables with reference to the lifetime expected credit loss model. Where there is evidence that a related party receivable is impaired the Group recognises an allowance for the impairment loss.

Notes to the Financial Statements

For the year ended 30 June 2017

27. Share based payment plans

There are two share based payment plans in place at 30 June 2017. On 12 November 2015 shareholders of Cooper Energy approved the second plan referred to as the Equity Incentive Plan (EIP).

Performance rights and share appreciation rights were issued in December 2016 for no consideration under the EIP. These rights issued will vest as shares in the parent entity.

Testing of the performance rights and share appreciation rights will occur once over the performance period and if required 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 a weighted basket of absolute total shareholder returns of 12 peer companies listed on the Australian Stock 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.

Rights that do not qualify for vesting in the third year can be carried forward to the following year for retesting of vesting eligibility. 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.

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
15 December 2015	22,278,100	7,892,812	\$0.175	3	2
21 December 2016	9,841,875	3,810,503	\$0.298	3	3

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

	Number of Rights	
	2017	2016
Balance at beginning of year	7,892,812	-
- granted	3,810,503	7,892,812
- vested	(233,975)	-
- expired and not exercised	-	-
- forfeited following employee termination	(475,042)	-
Balance at end of year	10,994,928	7,892,812
Achieved at end of year	-	-

Notes to the Financial Statements

For the year ended 30 June 2017

27. Share based payment plans continued

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

	Number of Rights	
	2017	2016
Balance at beginning of year	22,278,100	-
- granted	9,841,875	22,278,100
- vested	(660,415)	-
- expired and not exercised	-	-
- forfeited following employee termination	(1,340,844)	-
Balance at end of year	30,118,716	22,278,100
Achieved at end of year	-	-

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

15 December 2015

Fair value at measurement date	6.2 cents
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Share price	17.5 cents
Risk free interest rate	1.95%
Expected volatility	50%
Dividend yield	0%

Performance Rights Fair value assumptions

15 December 2015

Fair value at measurement date	13.1 cents
--------------------------------	------------

Share price	16.5 cents
Risk free interest rate	2.13%
Expected volatility	53%
Dividend yield	0%

Share Appreciation Rights Fair value assumptions

21 December 2016

Fair value at measurement date	11.5 cents
--------------------------------	------------

Share price	29.78 cents
Risk free interest rate	1.575%
Expected volatility	56%
Dividend yield	0%

Notes to the Financial Statements

For the year ended 30 June 2017

27. Share based payment plans continued

<i>Performance Rights Fair value assumptions</i>	21 December 2016
Fair value at measurement date	29.78 cents
Share price	34.5 cents
Risk free interest rate	1.88%
Expected volatility	56%
Dividend yield	0%

2011 Employee Performance Rights Plan

On 16 December 2011 shareholders of Cooper Energy approved the establishment of an Employee Performance Rights Plan (2011 Plan) whereby the Board can, subject to certain conditions, issue performance rights to employees to acquire shares in the parent entity.

No issues of performance rights under the 2011 Plan were made during the financial year.

Testing of the performance rights will be in three equal tranches over the term of the right to be determined in the fourth calendar quartile of each year. At the end of the three year measurement period, those rights that were tested and achieved will vest.

The vesting test is two parts. Up to 25% of the eligible rights to be tested are determined from the absolute total shareholder return of Cooper Energy's share price against its own share price at the date of the grant of the right. If the return is less than 5% no rights will vest. If the return is between 5% and 25% the rights that will vest will be between 6.25% and 12.5% of the eligible rights. If the return is greater than 25% up to 25% of the eligible rights will vest.

The second part is for the remaining 75% of the eligible rights to vest and is determined from the absolute total shareholder return of Cooper Energy's share price ranked against a weighted basket of absolute total shareholder returns of peer companies listed on the Australian Stock Exchange. If Cooper Energy's ranking is lower than 6 out of 9 of peer companies no rights will vest. If the ranking is 5th 50% of the eligible rights will vest. If Cooper Energy is ranked 3rd or 4th, prorate 50% to 100% of the eligible rights will vest and if it ranks 1st or 2nd, 100% of the eligible rights will vest.

Rights that do not qualify for vesting in any one year can be carried forward to the following year for testing of vesting eligibility. 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.

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

Date Granted	Number of 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
1 December 2014	6,584,708	\$0.285	3	1

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

	Number of rights 2017	Number of rights 2016
Balance at beginning of year	11,167,070	17,276,975
- granted	-	-
- vested	(4,535,319)	(2,234,300)
- expired and not exercised	(886,918)	(2,920,525)
- forfeited following employee termination	(444,637)	(955,080)
Balance at end of year	5,300,196	11,167,070
Achieved at end of year	2,650,106	3,017,074

Notes to the Financial Statements

For the year ended 30 June 2017

27. Share based payment plans continued

The weighted average price of shares vested during the financial year was \$0.36 per share.

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.

<i>Fair value assumptions</i>	1 December 2014
Fair value at measurement date	19.4 cents
Share price	28.5 cents
Risk free interest rate	2.35%
Expected volatility	51%
Dividend yield	0%

Notes to the Financial Statements

For the year ended 30 June 2017

28. Auditors remuneration

	Consolidated	
	2017	2016
	\$	\$
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	217,259	172,914
Taxation and other services	65,000	18,540
	282,259	191,454
Amounts received or due and receivable by related practices of Ernst & Young Australia for:		
Auditing and review of financial reports of an entity in the consolidated Group	-	-
	282,259	191,454

29. Parent entity information

Information relating to Cooper Energy Limited	2017	2016
	\$'000	\$'000
Current Assets	155,552	52,613
Total Assets	436,960	202,061
Current Liabilities	61,308	9,633
Total Liabilities	111,539	80,400
Issued capital	343,161	137,558
Accumulated loss	(33,980)	(21,878)
Option premium reserve	25	25
Cash flow hedge reserve	161	(700)
Equity instruments reserve	(685)	(553)
Share based payment reserve	7,818	7,209
Total shareholders' equity	317,4067	121,661
Loss of the parent entity	(13,415)	(12,759)
Total comprehensive income/(loss) of the parent entity	729	(1,253)

Commitments and Contingencies

Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:

Within one year	255	322
After one year but not more than five years	-	245
After more than five years	-	-
Total minimum lease payments	255	567

30. Events after the reporting period

Transfer of Operatorship

On 1 July 2017 operatorship of the Sole gas project, the Orbost Gas Plant and the Patricia Baleen field transferred from Santos Ltd to Cooper Energy.

On 1 August 2017 operatorship of the Casino Henry gas assets (including VIC/L30, VIC/L24, VIC/P44, VIC/RL11 and VIC/RL12) transferred from Santos Ltd to Cooper Energy. Employees and contractors were transferred to Cooper Energy as part of the operatorship transfers.

Management Changes

Virginia Suttell was appointed Chief Financial Officer effective 1 July 2017. Ms Suttell had been Chief Financial Officer, Acting since 18 January 2017.

Michael Jacobsen was appointed General Manager Projects effective 1 July 2017. Mr Jacobsen had previously been leading the Sole development project team for Santos Ltd and his employment transferred at the same time operatorship of the Sole assets were transferred to Cooper Energy.

Both Ms Suttell and Mr Jacobsen are part of the Management Team and are KMP.

Sole Final Investment Decision and Funding

Subsequent to 30 June 2017, the Company made a Final Investment Decision for the Sole gas project as a result of significant advancements towards achieving full funding of the Sole gas project as outlined below.

On 29 August 2017, the Company announced a fully underwritten accelerated non renounceable 2 for 5 entitlement offer to raise approximately \$135 million, subject to standard market terms. As a result, 456,220,522 new ordinary shares in the Company will be issued. The offer will close on 19 September 2017. The offer price is \$0.295.

On 29 August 2017, Cooper Energy Limited executed binding underwritten commitments for \$250 million under a senior reserve based lending facility, to be used for the purposes of debt funding a proportion of the Sole gas field development costs. Financial close and drawdown are subject to the Company being in a position to fund the agreed non debt proportion of the Sole gas field development costs, completion of the APA transaction, and a number of conditions precedent, including perfection of security, environmental and insurance due diligence and a gas market independent review report.

Directors' Declaration

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

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2b;
- (c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Directors.



Mr John C. Conde AO
Chairman

29 August 2017



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 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 2017 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 APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia; and we have 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 statements. 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. Funding, liquidity and basis of preparation

Why significant

The Group is entering a capital intensive phase of its Sole gas project. As outlined in note 24 to the financial report, the Group has capital commitments of \$208.0 million at 30 June 2017 (\$104.0 million due in less than 12 months). At 30 June 2017, the Group has cash and cash equivalents of \$147.4 million as outlined in note 7 to the financial report.

As outlined in note 30 to the financial report, subsequent to 30 June 2017, the Group has taken steps to secure additional sources of funding, being:

- ▶ A fully underwritten equity issue for approximately \$135 million, subject to standard market terms; and
- ▶ A senior reserves based lending facility for \$250 million which is fully underwritten, subject to a number of conditions precedent, as outlined in note 2 a) to the financial report.

If the Group is not able to satisfy the various conditions precedent to secure the reserve based lending facility, or secure alternate sources of financing, the Group has the ability to defer discretionary expenditure or take alternate steps to moderate the cash outflows of the business.

This is a key audit matter given there is judgement required by the Group in determining the cash flow forecasts, the value and timing of capital commitments and financing cash inflows, and the forecast expenditure committed for the development of the Sole gas project.

How our audit addressed the key audit matter

Immediately prior to signing our audit opinion, we evaluated the Group's funding position and its ability to repay its debts as and when they fall due for at least 12 months from the date of our opinion. In obtaining sufficient audit evidence, we:

- ▶ understood the process undertaken by the Group to determine the appropriateness of the use of the going concern basis;
- ▶ understood the capital commitments of the Group;
- ▶ assessed the base cash flow forecasts and options that the Group has to defer or otherwise not incur certain expenditure, and performed sensitivity analysis to understand the impact of variances to the planned budget and forecast on the Group's ability to pay its debts;
- ▶ assessed the status of the \$135 million underwritten equity issue;
- ▶ assessed the nature and status of the senior reserve based lending facility including the remaining conditions precedent;
- ▶ obtained representation from management and the Board with regards to current and future capital commitments; and
- ▶ assessed the adequacy of the related disclosures in the financial report.

2. Acquisition of gas assets

Why significant

As disclosed in note 13 of the Group's financial report, the Group acquired the Victorian Gas Assets during the year, for cash consideration of \$65 million and deferred consideration of \$20 million.

Accounting for the acquisition required judgment due to the structure of the transaction and the assets acquired and liabilities assumed being material to the Group's financial performance and position at 30 June 2017.

How our audit addressed the key audit matter

We assessed the treatment of the transaction in accordance with Australian Accounting Standards. In obtaining sufficient audit evidence, we assessed:

- ▶ the Sale and Purchase Agreements and associated agreements;
- ▶ the consideration paid and contingent consideration payable; and
- ▶ the allocation of the purchase based on the relative fair values performed by the Group, including the identification of all assets acquired and liabilities assumed.

We assessed the adequacy of the Group's disclosures in respect of this transaction as set out in note 13.

3. Estimation of oil and gas reserves and resources

Why significant

Estimation of oil and gas reserves and resources requires significant judgment and the use of assumptions by the Group, as outlined in note 2 (ii) of the Group's financial report. These estimates can have a material impact on the financial report, primarily in the following areas:

- ▶ capitalisation and classification of expenditure as exploration and evaluation (E&E) assets or oil and gas assets;
- ▶ valuation of assets and impairment testing;
- ▶ calculation of depreciation, depletion and amortisation (DD&A); and
- ▶ estimation of the costs and timing of decommissioning and restoration activities.

Further details on these areas are set out in notes 2, 4, 14, 15, 17 and 19 to the Group's financial report.

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, in accordance with Australian Auditing Standards.

In obtaining sufficient audit evidence, we:

- ▶ assessed the competence and objectivity of internal management experts involved in the estimation process;
- ▶ understood the Group's reserves estimation process and controls;
- ▶ assessed and tested the design and operating effectiveness of relevant controls over the reserves review process employed by the Group;
- ▶ reconciled to application financial information; and
- ▶ understood 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.

4. Impairment assessment of exploration and evaluation assets

Why significant

The carrying value of E&E assets is subjective as it is based on the Groups ability, and intention, to continue to explore and evaluate the assets. The carrying value is also impacted by the results of exploration and evaluation work. This creates a risk that the amounts stated in the Group's financial report may not be recoverable.

The impairment testing process is complex and judgmental, and for E&E assets commences with an assessment against indicators of impairment under Australian Accounting Standard - AASB 6 *Exploration for and Evaluation of Mineral Resources*. This is to reflect that E&E assets may be at an early stage in the project life cycle.

Key assumptions, judgments and estimates used in the formulation of the Group's impairment assessment of E&E assets are set out in note 15 to the financial report.

How our audit addressed the key audit matter

We assessed the impairment analysis prepared by the Directors, evaluating the assumptions and methodologies used by the Group and the estimates made. In obtaining sufficient audit evidence, we:

- ▶ considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements and correspondence with relevant government agencies;
- ▶ considered the Group's intention to carry out substantive E&E activity in the relevant exploration area, or plans to move the asset into development. This included assessment of the Group's cash-flow forecast models approved by the Board for evidence of planned future activity, and enquiries with senior management and Directors as to the intentions and strategy of the Group;
- ▶ assessed the carrying value of E&E assets where recent exploration activity in a given exploration license provided negative indicators as to the recoverability of amounts capitalised;
- ▶ considered the Group's assessment of the commercial viability of results relating to E&E activities carried out in the relevant license area;
- ▶ assessed the Group's ability to finance both planned future E&E activity and asset development plans;
- ▶ assessed the capabilities of management's internal experts for the purposes of estimating the potential resources associated with those E&E assets, as outlined in key audit matter 3; and
- ▶ considered the adequacy of the financial report disclosures regarding impairment and the recoverable amount of the Group's E&E assets.

5. Decommissioning and restoration provisions

Why significant

The Group has recognised decommissioning and restoration provisions of \$114 million at 30 June 2017 which are disclosed in note 19 to the Group's financial report.

The calculation of decommissioning and restoration provisions requires significant judgment in respect of asset lives, timing of restoration work being undertaken, environmental legislative requirements, the extent of restoration activities required and future costs.

How our audit addressed the key audit matter

Our audit procedures focused on the work of the Group's experts.

In obtaining sufficient audit evidence, we:

- ▶ assessed the competence and objectivity of both the Group's internal and external experts involved in the estimation process;
- ▶ assessed the independence of the Group's external experts;
- ▶ evaluated the adequacy of the expert's work;
- ▶ understood the Group's decommissioning and restoration estimation processes;
- ▶ tested the consistency in 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 discount rate applied; and
- ▶ reconciled the calculations 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 Group's 30 June 2017 Annual Report other than 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.

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 entity'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 in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity 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 18 to 36 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Cooper Energy Limited for the year ended 30 June 2017, 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
29 August 2017

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

As lead auditor for the audit of Cooper Energy Limited for the financial year ended 30 June 2017, 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
29 August 2017

Abbreviations and terms

This Report uses terms and abbreviations relevant to the Company, 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 "2017", "FY17" or "2017 financial year" refer to the 12 months ended 30 June 2017 unless otherwise stated. References to "2016", "FY16" or other years refer to the 12 months ended 30 June of that year.

bbls: barrels of oil

EBITDA: earnings before interest, tax, depreciation and amortisation

HSEC: health, safety, environment and community

kbbls: thousand barrels of oil

boe: barrels of oil equivalent

bopd: barrels of oil per day

MMbbl: million barrels of oil

MMboe: million barrels of oil equivalent

LTI: lost time injury

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

PEL 92: the South Australian Cooper Basin acreage operated by the PEL 92 Joint Venture that previously fell within the PEL 92 licence and now falls within the retention leases PRL 85 – 104 and the production licences PPL's 204, 205, 207, 220, 224, 245 – 250

PJ: petajoule

Directors

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

Company Secretary

Alison Evans

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