



COOPER ENERGY LIMITED
And its controlled entities

ABN 93 096 170 295

FINANCIAL REPORT

30 June 2014

Appendix 4E

Preliminary Final Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	30 June 2014 30 June 2013

Results for announcement to the market

Revenue from ordinary activities
 Net Profit after tax from continuing operations
 Total profit for the period attributable to members

Percentage Change %	Amount \$'000
35.4%	72,303
1193.4%	22,182
1545.4%	21,950

Net tangible assets per share
 (inclusive of exploration and development expenditure capitalised)

30 June 2014	30 June 2013
51.0 cents	41.7 cents

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

Review and Results of Operations

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

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Operating and Financial Review

For the year ended 30 June 2014

Operations

Cooper Energy is a petroleum exploration and production company which generates revenue, free cash flow and profit from the discovery, development and sale of hydrocarbons in Australia and Indonesia. The Company concentrates its resources and efforts on opportunities to supply the Australian energy market and oil and gas exploration and production activities in the South Sumatra Basin, Indonesia.

Cooper Energy currently produces oil from the Cooper Basin, Australia and the South Sumatra Basin, Indonesia. The Cooper Basin accounted for 91% of the Company's oil production in the twelve months to June 30, 2014 ("FY14") of 0.59 million barrels of oil. This was 20% higher than the previous year's production of 0.49 million barrels of oil due to increases in output from Cooper Basin and Indonesian operations.

Cooper Energy holds interests in petroleum exploration tenements in the Cooper Basin, Otway and Gippsland Basins in Australia, the South Sumatra Basin in Indonesia and the Pelagian Basin offshore Tunisia. The Company also holds 22.9% of the issued share capital of Bass Strait Oil Company Limited which has interests in exploration tenements in the Gippsland Basin and Otway Basins.

Exploration and development activity during the period included:

- the drilling of five successful development wells and three unsuccessful exploration wells in the Cooper Basin.
- the drilling of two deep exploration wells in the Penola Trough of the South Australian Otway Basin to assess the hydrocarbon potential of the Sawpit and Casterton Formations. The wells provided encouragement for further gas exploration in this region and the information obtained is being assessed to determine future exploration plans.
- seismic acquisition in the Cooper Basin (PEL 90, 100 and 110) and South Sumatra Basin (Sumbagsel PSC) to identify targets for future drilling. Seismic data from South Sumatra Basin (Merangin III PSC) was reprocessed during the year.
- the casing and suspending of Hammamet West-3, which was spudded offshore Tunisia in April 2013 and completed in October 2013. The well, which discovered an oil and gas resource included in the Company's year-end assessment of its Reserves and Resources, was cased and suspended for future production testing after repeated blockages prevented production testing of the well's side-track (ST-1). It is intended that the well be subjected to production testing after a second side-track, (ST-2) is drilled. The Company has previously announced its intention to divest its portfolio of Tunisian acreage and the sales process initiated during the year is ongoing.

During the year Cooper Energy acquired a 65% interest in the Basker, Manta and Gummy oil and gas fields (BMG) in the offshore Gippsland Basin. In conjunction with this acquisition Cooper was appointed as Operator of the BMG Joint Venture.

The Basker and Manta fields were previously developed for oil production (which included gas production and re-injection) and have been in a non-productive phase since 2010. A potentially economic volume of gas and oil remains to be recovered and its evaluation will be the focus of the BMG Joint Venture. The next step in the project will be preparation of the Business Case to support the next phase of activity in the tenements, which may include appraisal drilling in FY16.

During the year Cooper Energy acquired a 30% interest in tenements PEL 494 and PRL 32 from Beach Energy Limited and simultaneously divested a 35% equity in the adjoining PEL 495 tenement to that company. The result of these transactions, which involved zero net cost to Cooper Energy, was for the company to hold a 30% equity across the key tenements in the South Australian section of Penola Trough. In addition, the award of the Victorian permits PEP 171 and PEP 151 during the year has extended the coverage of the Company's acreage across the eastern section of the Penola Trough within the Victorian portion of the Otway Basin.

The Company concluded the year with slightly lower Reserves but substantially increased Contingent Resources. Estimated Proved and Probable Reserves as at 30 June were estimated to be 2.01 million barrels of oil, compared with 2.16 million the previous year. The movement reflects the record production in FY14 and exploration results. 2C Contingent Resources of 35.1 million barrels of oil equivalent were higher than the FY13 comparative of 5.74 million barrels of oil equivalent with the increase being attributable to the addition of resource estimates for the BMG gas and liquids resource and the Hammamet West field.

Operating and Financial Review (continued)

For the year ended 30 June 2014

Financial Performance

Financial Performance		FY14	FY13	Change	%
Production volume	MMbbl	0.59	0.49	0.10	20%
Sales volume	MMbbl	0.58	0.48	0.10	21%
Average oil price	\$/bbl	124.1	112.3	11.8	11%
Sales revenue	\$ million	72.3	53.4	18.9	35%
Other revenue	\$ million	2.8	2.3	0.5	22%
Operating cash flow	\$ million	50.3	12.5	37.8	302%
Net profit after income tax (NPAT)	\$ million	22.0	1.3	20.7	1592%
Underlying NPAT	\$ million	25.3	12.7	12.6	99%
Underlying EBITDA*	\$ million	40.2	22.7	17.5	77%
Underlying EBITDA*/Sales revenue	%	55.6	42.5	13.1	31%

* Earnings before interest, tax, depreciation and amortisation

Calculation of underlying NPAT by adjusting for items unrelated to the ongoing operating performance is considered to enable meaningful comparison of results between periods. Underlying NPAT and underlying EBITDA are not defined measures under International Financial Reporting Standards and are not audited. Reconciliations for NPAT to Underlying NPAT and Underlying EBITDA are included at the end of this review.

Underlying NPAT for the period was \$25.3 million, a \$12.6 million increase on the previous corresponding period (pcp) mainly due to:

- higher sales revenue, \$18.9 million, due mainly to higher oil volumes and a higher average oil price;
- higher other revenue, \$0.5 million with higher joint venture fees partially offset by lower interest revenue from lower average cash balances and interest rates; and
- lower exploration and evaluation expenditure written off, \$0.2 million.

These factors have been partially offset by:

- higher cost of sales, \$2.5 million, due to higher oil volumes;
- higher administration and other costs, \$1.1 million, mainly due to increased new ventures and corporate activity partially offset by lower rent; and
- higher income tax expense \$3.4 million associated with the higher profit before tax.

Financial Position

Financial Position		FY14	FY13	Change	%
Total assets	\$ million	248.3	162.1	86.2	53%
Total liabilities	\$ million	80.5	24.8	55.7	225%
Total equity	\$ million	167.8	137.2	30.6	22%

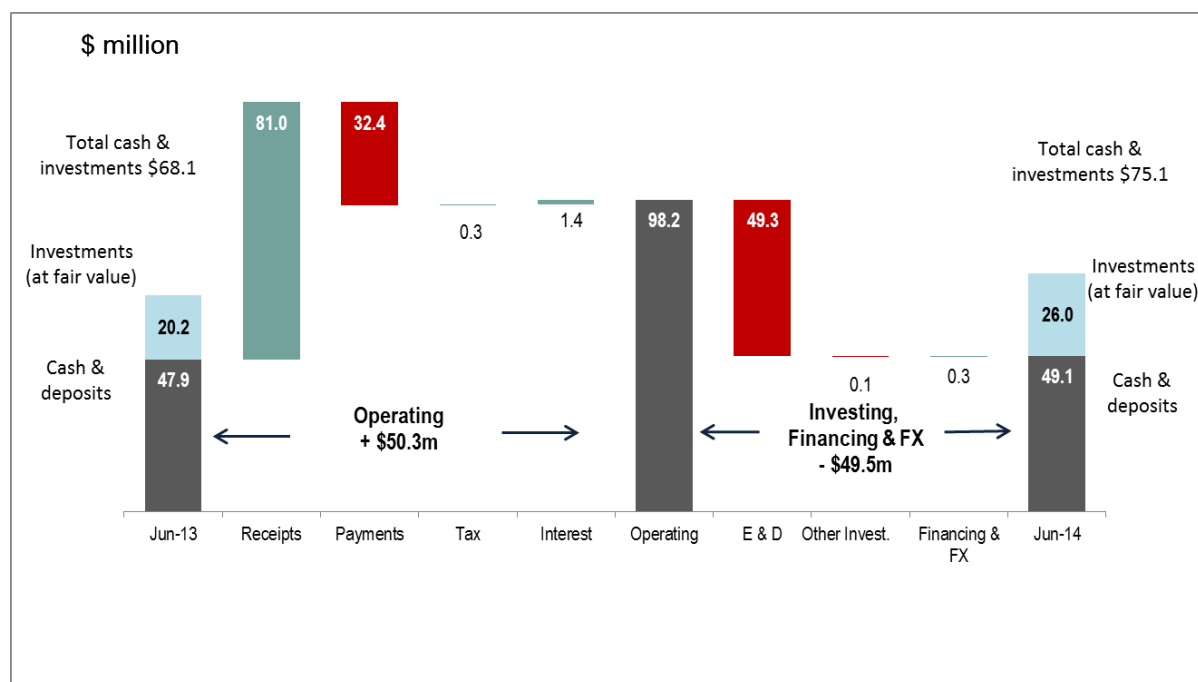
Total Assets

Total assets increased by \$86.2 million from \$162.1 million to \$248.3 million.

Cash and deposits increased by \$1.2 million from \$47.9 million to \$49.1 million with cash flow from operations \$50.3 million partially offset by cash flows from investing and financing activities \$49.5 million as summarised in the following chart.

Operating and Financial Review (continued)

For the year ended 30 June 2014



Investments available for sale at fair value increased by \$5.8 million from \$20.2 million to \$26.0 million due to unrealised fair value adjustments.

Exploration and evaluation (including those held for sale) increased \$86.8 million from \$54.7 million to \$141.5 million for the exploration and evaluation activities during the period as detailed in the Operations section of this report including the acquisition of BMG exploration assets of \$42.4 million.

Trade and other receivables decreased \$8.6 million from \$19.5 million to \$10.9 million mainly due to the timing of sales revenue receipts being favourable relative to a three year average.

Total Liabilities

Total liabilities increased by \$55.7 million from \$24.8 million to \$80.5 million.

Income tax payable increased by \$5.0 million from \$nil to \$5.0 million after fully utilising income tax losses carried forward from FY13.

Net deferred tax liabilities increased by \$5.3 million from \$9.1 million to \$14.4 million mainly due to utilisation of the deferred tax asset booked in respect of the FY13 income tax loss and timing differences including the upfront deductibility of exploration expenditure.

Provisions increased by \$38.1 million from \$3.3 million to \$41.4 million mainly due to the acquisition of the BMG abandonment provision of \$36.6 million.

Financial liabilities increased by \$4.0 million from \$nil to \$4.0 million due to the acquisition of BMG success fee liability of \$4.0 million.

Total Equity

Total equity has increased by \$30.6 million from \$137.2 million to \$167.8 million. In comparing equity for the year to the previous year, the key movements were:

- higher reserves, \$7.4 million mainly due to the unrealised fair value adjustment on investments available for sale and for share based payments (performance rights); and
- higher retained profits, \$22.0 million due to total profit for the year.

Operating and Financial Review (continued)

For the year ended 30 June 2014

Business Strategies and Prospects

The Company focuses its resources and effort on opportunities to supply the Australian energy market and oil and gas exploration in its existing acreage in the South Sumatra Basin, Indonesia.

Within these areas of interest, Cooper Energy seeks to focus on those opportunities which satisfy fundamental commercial and technical merit criteria whilst taking due care for safety, the environment and community. In particular, Cooper Energy seeks to generate and add value through the application of its deep knowledge and expertise in Australian basins and gas commercialisation, and concentrating its efforts on the opportunities where its knowledge and expertise can be best applied.

The Company's oil production on the western flank of the Cooper Basin generates high margin cash flow which is being reinvested in: the replacement, and development of oil reserves; exploration for commercial hydrocarbon reserves in the Cooper Basin, the Otway Basin and the Gippsland Basin; and corporate opportunities that add production or which add to the development of a portfolio-style gas supply business.

The Otway and Gippsland Basin interests in particular are considered to be well located for available gas market opportunities should reserves of sufficient size be established. Accordingly, the Company has identified the commercialisation of the BMG gas resource in the Gippsland basin and the addressing of the conventional and shale gas opportunity in the Otway Basins as priorities in its gas business development strategy.

In Indonesia, the focus is on adding further value to the existing South Sumatra acreage through exploration, development and production.

2015 outlook and prospects

Cooper Energy has provided market guidance that production in FY15 is expected to be in the range of 0.50 million barrels of oil to 0.56 million barrels of oil (exclusive of exploration success or significant production interruption). Exploration and development plans for FY15 include the drilling of 20 wells and anticipated expenditure of approximately \$40 million.

The FY15 program represents the Company's largest drilling commitment yet and comprises 14 exploration or appraisal wells and 6 development wells. The program provides opportunities for reserve and resource additions in the Cooper Basin, where 13 exploration and appraisal wells are planned, and in Indonesia. Drilling in the Cooper Basin is expected to include approximately 5 exploration wells in the lightly explored northern permits PEL 90K, 100, and 110 which were subject to three-dimensional seismic survey in FY14. In Indonesia, the Company plans to drill its first exploration well in the Sumbagsel permit.

It remains the Company's intention to divest its Tunisian portfolio. Divestment options will be assessed against the risk weighted value increment anticipated from achieving a satisfactory production test on the Hammamet West discovery from ST-2 scheduled for drilling on the field in the first half of calendar 2015.

Cooper Energy will continue actively to evaluate acquisition opportunities which fit with the Company's strategy and add value for shareholders.

Operating and Financial Review (continued)

For the year ended 30 June 2014

Funding and Capital Management

When managing funding and capital, the Company's objective is to ensure the entity continues as a going concern whilst maintaining an optimal return to shareholders. As at 30 June 2014 the Company had cash, deposits and investments available for sale of \$75.1 million. The capital program for FY15 is fully funded from existing cash and operating cash flow. The Company has no debt and \$40 million in bank facilities subject to certain conditions. The Company has no current plans to issue equity except as performance rights held by employees meeting vesting conditions.

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 (including projects by internal auditors) and a summary is reported to the Audit and Risk Committee.

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

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

Reconciliations for NPAT to Underlying NPAT and Underlying EBITDA

Reconciliation to Underlying NPAT		FY14	FY13	Change	%
Net profit after income tax (NPAT)	\$ million	22.0	1.3	20.7	1592%
Adjusted for:					
Impairment of exploration assets held for sale	\$ million	0.2	0.4	-0.2	-50%
Impairment of available for sale financial assets	\$ million	3.1	0.0	3.1	100%
PRRT expense	\$ million	0.0	11.0	-11.0	-100%
Underlying NPAT	\$ million	25.3	12.7	12.6	99%
Reconciliation to Underlying EBITDA*		FY14	FY13	Change	%
Underlying NPAT	\$ million	25.3	12.7	12.6	99%
Add back:					
Interest revenue	\$ million	-1.4	-2.0	0.6	-29%
Tax expense	\$ million	9.0	5.6	3.4	62%
Depreciation	\$ million	0.5	0.3	0.2	71%
Amortisation	\$ million	6.8	6.1	0.7	12%
Underlying EBITDA*	\$ million	40.2	22.7	17.5	77%

* Earnings before interest, tax, depreciation and amortisation

Directors' Statutory Report

For the year ended 30 June 2014

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 2014, 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, a 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 currently Chairman of Bupa Australia (since 2008), the Sydney Symphony (since 2007) and The McGrath Foundation (since 2013 and Director since 2012). He is President of the Commonwealth Remuneration Tribunal (since 2003) and a director of Dexu Property Group ASX: DXS (since 2009). He is Deputy Chairman of Whitehaven Coal Limited ASX: WHC (since 2007) and AFC Asian Cup (2015) (since 2012). Mr Conde is a former Chairman of Ausgrid (formerly EnergyAustralia) (1988-2012) and Destination NSW (2011 – 2014) Special Responsibilities Mr Conde is a member of the Remuneration and Nomination Committee and the Audit and Risk 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. As Senior Vice President at QGC - a BG Group business – Mr Maxwell was responsible for all commercial, exploration, business development, strategy and marketing activities. He led BG Group's entry into Australia, its involvement in the alliance with Queensland Gas Company Limited and its subsequent takeover by BG Group. Mr Maxwell has served on a number of industry association boards, government advisory groups and public company boards. He was a member of the Australia Federal Government Energy White Paper Reference Group in 2011. Current and other directorships in the last 3 years Mr Maxwell is a director of Somerton Energy Pty Ltd formerly Somerton Energy Ltd, a listed company until the takeover by Cooper Energy in 2012. Special Responsibilities Mr Maxwell is responsible for the day to day leadership of Cooper Energy. He is the leader of the management team and his particular responsibilities include strategy and business development.

Directors' Statutory Report

For the year ended 30 June 2014

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 non-executive director of Comet Ridge Limited ASX: COI (since 2003). Mr Schneider was formerly a director of Green Rock Energy Limited ASX: GRK (2010 - 2013).

Special Responsibilities

Mr Schneider is Chairman of the Remuneration and Nomination Committees and member of the Audit and Risk 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 and Western Health.

Current and other directorships in the last 3 years

Ms Williams is a non-executive Director of Djeriwarrah Investments Ltd ASX: DJW (since 2010), Equity Trustees Ltd ASX: EQT (since 2007), Victorian Funds Management Corporation, Guild Group, Defence Health and Port of Melbourne Corporation. Ms Williams is also a Council member of the Cancer Council of Victoria.

Special Responsibilities

Ms Williams is Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

Mr Hector M. GORDON

B.Sc. (Hons). FAICD

EXECUTIVE DIRECTOR

Appointed 26 June 2012

Experience and expertise

Mr Gordon is a very successful geologist with over 35 years' 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 Somerton Energy Pty Ltd formerly Somerton Energy Ltd, a listed company until the takeover by Cooper Energy in 2012. He is a former director of ERO Mining Limited (2011-2013).

Special Responsibilities

As a part time executive of the Company, Mr Gordon is responsible for overseeing exploration and production activities and providing technical expertise in these areas. He is also Chairman of the HSEC Management Committee and the Indonesian Management Committee.

Directors' Statutory Report

For the year ended 30 June 2014

Mr Laurence J. SHERVINGTON

LLB, SA FIN, MAICD

INDEPENDENT NON-EXECUTIVE
DIRECTOR

Appointed 1 October 2003

Former Chairman (November
2004 – February 2013)

Resigned 7 November 2013

Experience and expertise

Mr Shervington is a respected and experienced corporate lawyer with more than 40 years' involvement in business and legal landscapes. His corporate expertise includes capital raising, reconstruction, mergers and acquisitions, directors' duties, corporate governance, due diligence, risk management and ASIC licensing and investigations.

Current and other directorships in the last 3 years

Mr Shervington is the chair of the Broome Port Authority (since 2011) and a director of the College of Law Western Australia Pty Ltd (since 2008). Mr Shervington is a director of Leedal Pty Ltd, an Aboriginal-directed company with extensive business interests in Fitzroy Crossing in the Kimberley region of Western Australia (since 2008).

Special Responsibilities

Mr Shervington was a member of the Remuneration and Nomination and Audit and Risk Committees until his resignation as Director.

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 held Company Secretary and Legal Counsel roles 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 has over 20 years' experience in finance, treasury, strategy and commercial management, mostly in the construction and resources sectors. Prior to joining Cooper Energy as CFO he was employed by OZ Minerals as Group Manager Commercial Operations and was previously Group Commercial Manager and Treasurer with the Futuris/Elders Group.

3. Directors' meetings

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

Director	Board Meetings		Audit & Risk Committee Meetings		Remuneration and Nomination Committee Meetings	
	A	B	A	B	A	B
Mr J. Conde	10	10	2	2	3	3
Mr D. Maxwell	10	10	-	-	-	-
Mr J. Schneider	10	10	2	2	3	3
Mr H. Gordon	9	10	-	-	-	-
Ms A. Williams ¹	9	9	1	1	2	2
Mr L. Shervington ²	4	4	1	1	0	1

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

¹Appointed 28 August 2013

²Resigned 7 November 2013

Directors' Statutory Report

For the year ended 30 June 2014

4. Remuneration report (Audited)

This Remuneration Report sets out information about the remuneration of the Company's key management personnel for the financial year ended 30 June 2014. The information in this Report has been audited as required by the *Corporations Act 2001* (Cth) and forms part of the Directors' Report.

4.1 Key Management Personnel (KMP)

The following were KMP of the Group during the reporting period and, unless indicated otherwise, for the whole of the reporting period:

Non-Executive Directors	Executive Directors
Mr J. Conde AO (Chairman)	Mr D. Maxwell (Managing Director)
Mr J. Schneider	Mr H. Gordon (Executive Director Production and Exploration)
Ms A. Williams ¹	
Mr L. Shervington ²	

¹ Appointed 28 August 2013

² Resigned 7 November 2013

Executives

Mr J. de Ross (Chief Financial Officer and Company Secretary) ¹	Ms A. Evans (Company Secretary and Legal Counsel)
Mr A. Thomas (Exploration Manager)	Mr I. MacDougall (Operations Manager) ²

¹ Appointed as joint Company Secretary on 25 February 2013

² Appointed 1 February 2014

4.2 Remuneration framework

The Company seeks to attract and retain highly qualified, skilled and motivated Directors and employees to drive performance of the Company and deliver sustainable total shareholder returns.

The Company determines remuneration with a view to ensuring that the level and form of remuneration, for KMP in particular, achieve certain objectives including:

- attracting and retaining highly skilled directors and employees who are motivated to pursue and deliver the Company's strategy and goals;
- ensuring that directors and employees receive remuneration that is fair, reasonable and competitive; and
- providing incentive to deliver future individual and Company performance.

Remuneration for Non-Executive Directors consists only of Directors fees and statutory superannuation, and for employees consists of base salary, statutory superannuation, short term incentives, other short term benefits and long term incentives.

Remuneration is determined by reference to market conditions and comparisons (e.g. benchmark reports), and in conjunction with the annual review of the performance of Executive Directors, Executives and other employees of the Company. Performance of the Directors of the Company, including the Managing Director, is evaluated by the Board, who may be assisted by the Remuneration & Nomination Committee. The Managing Director reviews the performance of Executives with the assistance of the Remuneration & Nomination Committee. These evaluations take into account criteria such as the achievement toward the Company's performance benchmarks and the achievement of individual performance objectives.

In addition to the annual review of remuneration, the Board obtained and used independent resource industry remuneration data to determine market remuneration rates for all employees in relation to the oil and gas industry in Australia.

4.3 Remuneration & Nomination Committee

The Company's Remuneration & Nomination Committee (comprised during the reporting period of 3 Non-Executive Directors, a majority 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 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 KMP.

4.4 Nature and amount 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.

Remuneration paid to the Non-Executive Directors for the reporting period, and for the previous reporting period, is shown in the table in Section 4.12.

The maximum aggregate remuneration pool for Non-Executive Directors, as approved by shareholders at the 2012 Annual General Meeting, is \$450,000 per annum.

The Board believes that to build on the Company's exploration and development successes to date and to achieve its strategic goals, it may need to attract and retain further well-credentialed directors. The Board is of the view that the current maximum aggregate remuneration pool will not be sufficient to allow for fair and competitive remuneration of additional appointees. Accordingly, at the 2014 Annual General Meeting, a resolution will be put to shareholders seeking approval to increase the maximum amount by \$300,000 to \$750,000. The Board believes this amount is commensurate with companies similar to the Company.

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 during their term.

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.

4.5 Nature and amount of Executive (including Executive Director) remuneration

Executive remuneration during the reporting period consisted of:

- base salary including statutory superannuation;
- short term incentive plan (being performance based cash bonuses);
- other short term benefits; and
- long term incentive plan (being the award of performance rights under the Company's employee performance rights plan).

Remuneration payable to the Executive Directors, and the Executives, for the reporting period, and for the previous reporting period, is shown in the tables in Sections 4.12 and 4.13 (respectively), and each of the above remuneration components is discussed further below.

Base salary and superannuation

Executives and Executive Directors are paid base salaries which are competitive in the markets in which the Company operates. Individual base salary is set each year based on job description, competitive salary information sourced by the Company and overall competence in fulfilling the requirements of the particular role. Base salary is paid in cash and is not at risk (other than by termination). The Company pays statutory superannuation contributions on behalf of the Executives and Executive Directors.

Directors' Statutory Report

For the year ended 30 June 2014

Short term incentive plan (STIP)

Each year the Company issues a scorecard establishing targets or key performance indicators (KPIs) to measure the Company's short term performance over the financial year. The KPIs focus on the core elements which the Board believes are needed to successfully deliver the Cooper Energy strategy and shareholder returns. Oil and gas reserves and production are at the heart of Cooper Energy's business and are key KPIs.

The Managing Director develops the draft scorecard for review by the Remuneration & Nomination Committee, followed by consideration and approval by the Board. The scorecard is approved by the Board no later than 30 September of each year.

For each KPI in the scorecard, a base or threshold performance level is established as well as a target, stretch target and super stretch target performance level:

- Base – performance in the previous year.
- Target – steady growth, or improvement, against performance in the previous year.
- Stretch – doing better than target and consistent with leading peers.
- Super stretch – doing better than, or best in class, when compared to peers.

Each item in the scorecard is assigned a weighting.

In the financial year 2014, the scorecard KPIs and their relative weightings were as follows:

STIP Key Performance Indicators	%
Quantitative and Financial	
Reserves & Exploration Portfolio	25
Production	20
Cost Management	10
Non-Financial Measures	
Safety and environmental performance	15
Strategy and plan implementation	20
Relationships with investors, partners and the Board	10

Average weighted performance of the total scorecard is the sum of the performance assessed for each item multiplied by the weighting for each item.

STIP payments are calculated as a percentage of base salary (inclusive of superannuation). The maximum STIP payment at the various organisational levels, as a percentage of base salary (inclusive of superannuation), is as follows:

- Managing Director – 100%
- Executive Director – 75%
- Executives – 50%
- All other employees – 25%

The level of the STIP payment that is “at risk” differs between the Managing Director and other employees (including Executives) and is at the discretion of, and reviewed annually by, the Board:

- Managing Director – portion of maximum STIP to be paid is based almost entirely on Company performance as assessed by the Board having close regard to scorecard performance.
- Other employees (including Executives) – portion of maximum STIP to be paid is based largely on Company performance however individual performance will also be taken into account.

Directors' Statutory Report

For the year ended 30 June 2014

Individual performance ratings are determined in employee performance reviews which are undertaken each year by 31 August.

In the event that corporate activity occurs such that the Company is merged or taken over then the scorecard will be re-set at the discretion of the Board. The Board may determine to make STIP payments to Employees in the instance where the change in control event occurs prior to the completion of the relevant performance year, then STIP is prorated in accordance with the portion of the year worked.

An employee must have been with the Company for 3 months to qualify for any STIP. If the employee is with the Company for 3 months but less than the full year the STIP is pro-rated according to the period of time the employee has been with the Company.

If an employee leaves the Company during a year (other than for retirement or due to redundancy) no STIP is payable. If the employee retires or is made redundant then the STIP is pro-rated in accordance with the portion of the year worked.

STIP payments, if any, are made in October. Irrespective of the scorecard outcome, payment of any STIP is entirely at the discretion of the Board.

STIP payments made to Executive Directors, and Executives, for the reporting period, and for the previous reporting period, are shown in the tables in Sections 4.12 and 4.13 (respectively).

Other short term benefits

Other short term benefits include the following fringe benefits: car parking and accommodation benefits to the Managing Director.

Long term incentive plan (LTIP)

The Company believes that encouraging its employees, including Executives, to become shareholders is the best way of aligning their interests with those of the Company's shareholders.

LTIP awards are made in the form of performance rights which have a vesting timeframe of three years. The number of performance rights that vest will be based on the Company's performance over the same three years. For each performance right that vests, the employee will receive one share at no cost to the employee.

The number of performance rights to be granted annually to each employee is calculated by the following formula: Organisational Level Benchmark \times Base Salary \div Share Price

Where: Organisational Level Benchmark is a percentage of Base Salary, which percentage is intended to reflect the level of involvement of the relevant organisational level in pursuing and achieving the Company's goals, as follows:

Organisational Level	Organisational Level Benchmark
Managing Director	120%
Executive Director	95%
Executives	70%
Senior Technical	50%
Professional, Technical and Administration	30%

Base Salary is the employee's fixed annual remuneration (inclusive of superannuation).

Share Price is the 30 ASX trading day volume-weighted average share price (VWAP) of the Company's shares immediately prior to the commencement date.

Under the LTIP rules, the total number of performance rights to be issued in each tranche is capped at 2% of the issued capital of the Company at the time of issue., - The maximum number of rights that may be granted must not, when aggregated with all other rights on issue, if exercised and shares issued, exceed 5% of the total issued capital of the Company at the time of grant of the rights. The 5% limit does not count unregulated offers, such as offers that do not need disclosure because of section 708 of the Corporation Act (which includes offers to the Managing Director, and senior executives).

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Performance conditions and vesting period

The total number of performance rights issued to each employee will be divided into two tranches and will be tested as follows:

- 25% of the rights issued (ATSR Tranche) will be measured against the Company's absolute total shareholder return (ATSR) over 3 years; and
- 75% of the rights issued (RTSR Tranche) will be measured against the Company's relative total shareholder return (RTSR) over 3 years.

ATSR is calculated as a percentage difference between the VWAP of shares during the 30 ASX trading days prior to the start of, and the end of, the relevant testing period.

RTSR is the Company's ATSR measured and ranked against the ATSR's of a peer group of eight companies selected by the Board before the start of each testing period or as soon as practical thereafter. The peer group companies and the Company will be given a ranking from one to nine (with the company with the highest ATSR being ranked one).

ATSR and RTSR are used rather than earnings per share (EPS) because, in the Board's view, EPS would shift the key focus away from the Company's long-term business objectives which includes successful exploration.

The peer group for the performance rights issued in November 2013 and April 2014 were: Beach Energy Limited; Senex Energy Limited; Drillsearch Energy Limited; Tap Oil Limited; Cue Energy Resources Limited; Central Petroleum Limited, AWE Limited and Icon Energy Limited.

Each ATSR Tranche and the RTSR Tranche is divided into 3 equal portions. A portion is tested (25% of portion against ATSR and 75% of portion against RTSR) within each of 12, 24 and 36 months from the commencement date of the rights. The number of rights in each performance period Tranche that is achieved at each testing date will then vest at the end of the three year period, providing the employee remains employed with the Company.

A three year vesting period is consistent with the typical time cycle for an exploration program and the Company's strategic emphasis on exploration and growing its reserves base.

Performance rights not achieved in year one can be re-tested in year two, those not achieved in year two can be re-tested in year three and those not achieved at the end of year three will lapse.

Achievement of performance rights

The number of rights achieved on a testing date is determined as follows:

ATSR Tranche – 25% of rights

ATSR over performance period	% of rights achieved
Greater than 25%	100%
Equal to 15%	50%
Equal to 5%	25%
Below 5%	Nil

Where a result falls between the above benchmarks, rights will be achieved on a pro-rata basis.

RTSR Tranche – 75% of rights

RTSR over performance period	RTSR rank	% of rights achieved
Greater than 75th percentile	1 or 2	100%
Greater than 50th, up to 75th, percentile	3 or 4	Pro rata 50% to 100%
Equal to 50th percentile	5	50%
Below 50th percentile	Below 5	Nil

Directors' Statutory Report

For the year ended 30 June 2014

Vesting

The Board may, in its absolute discretion, determine that unvested performance rights vest where:

- the employee dies;
- a takeover bid is made for the Company;
- a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- the Company passes a resolution for voluntary winding up;
- an order is made for the compulsory winding up of the Company;
- the employee ceases to be employed by the Company by reason of retirement, redundancy, or total and permanent disability; or
- if the employee resigns or is removed for reasons other than performance or misconduct.

If no determination is made, or if the Board determines that some or all of an employee's performance rights do not vest, those performance rights will automatically lapse.

The Company intends to make changes to the terms of its employee incentive plan rules. These changes will be put to shareholders at the 2014 Annual General Meeting. Details of the changes will be set out in the Explanatory Memorandum accompanying the Notice of Meeting for the 2014 Annual General Meeting.

4.6 Relationship between remuneration framework and Company performance

The Company's remuneration policy seeks to encourage alignment between the performance of the Company and total shareholder returns, and the remuneration of Executives. Short term and, in particular, long term 'at risk' incentives only vest when predetermined Company performance objectives are achieved.

Company performance

The following table shows the Company's performance over the reporting period and the previous four financial years:

		30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Net Profit/(loss) after tax	\$'000	21,950	1,318	8,381	(10,349)	1,247
EPS Basic	cents	6.7	0.4	2.8	(3.5)	0.4
EPS Diluted	cents	6.4	0.4	2.8	(3.5)	0.4
Year-end share price	\$	0.50	0.38	0.45	0.36	0.37
Shares on issue	'000,000	329.2	329.1	327.3	292.6	292.6
Market Capitalisation	\$'000,000	164.6	125.1	147.3	105.3	111.2

No dividends were paid during any of the financial years.

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For the year ended 30 June 2014

STIP and LTIP

For the reporting period to 30 June 2014, the Company's performance was measured against Company KPIs which were set out in a scorecard and weighted (as described in Section 4.5 above) and the Company met or exceeded a number of its STIP KPIs but did not meet others:

STIP KPIs	2014 financial year performance
Quantitative and Financial	
Reserves	Below Target
Exploration Portfolio	Above Super Stretch
Production	Above Target
Cost Management	Target
Non-Financial Measures	
Safety and environmental performance	Target
Strategy and plan implementation	Target
Value realisation	Below Target
Relationships with investors, partners and the Board	Above Target

This performance will be assessed by the Board and the score, in conjunction with individual performance reviews, will form the basis of STIP payable in October 2014.

As described in Section 4.5 above, the LTIP aligns the rewards received by participants with the longer term performance of the Company including by measuring it against its peers.

4.7 No options

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

4.8 Employment contracts

Mr David Maxwell – Managing Director

Mr Maxwell commenced as Managing Director on 12 October 2011 under a contract of employment. The term of the Managing Director's contract expires on 10 October 2014.

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. The term of Mr Gordon's contract expires on 24 June 2015. From 1 March 2014, Mr Gordon's role has been part-time (0.5 full time equivalent). Mr Gordon continues to provide oversight of the exploration and production business.

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

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.

Directors' Statutory Report

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Executives

The Company has entered into a contract of employment with each Executive. 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.

4.9 External remuneration advisers

During the reporting period, the Remuneration & Nomination Committee engaged Strategic Human Resources Pty Ltd (SHR) to benchmark salaries for all employees, including Executives. This involved the review and application of remuneration data sourced from National Rewards Group Inc. The Board is satisfied that the SHR advice was provided free from undue influence by any KMP to whom the advice related.

Fees payable to SHR for services to 30 June 2014 totalled \$5,875.

Annual membership fees payable to National Rewards Group were \$3,727.

4.10 Accounting for performance rights

The value of the performance rights is recognised as Share Based Payments in the Company's statement of comprehensive income and amortised over the vesting period.

Performance rights were granted on 6 November 2013 and 28 April 2014. The performance 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 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 ASTR, performance conditions (as described in Section 4.5 above).

Performance rights are valued using the closing market price on the date they are granted and no adjustment is made for subsequent movements in share price during any vesting period. No rights of any of the Executives or Executive Directors (as listed in the table below) lapsed, or vested, during the reporting period.

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

Granted during the year	No. of rights granted during reporting period	Fair value of rights at grant date	No. of rights vested during reporting period	No. of rights vested to date	% of rights vested to date
Executive Directors					
Mr D Maxwell*	1,464,564	\$456,944	Nil	Nil	0%
Mr H Gordon*	850,261	\$265,281	Nil	Nil	0%
Executives					
Mr A Thomas*	529,616	\$165,240	Nil	Nil	0%
Mr J de Ross*	465,609	\$145,270	Nil	Nil	0%
Ms A Evans*	235,795	\$73,568	Nil	Nil	0%
Mr I MacDougall**	312,033	\$112,332	Nil	Nil	0%

* The vesting date of the performance rights issued on the 6 November 2013 is 10 October 2016. The fair value of these rights was \$0.312. These performance rights expire on 11 October 2016.

** Mr I MacDougall's employment commenced on 1 February 2014. The grant of rights was prorated for the period of the year for which he was employed by the Company and the grant date was 28 April 2014. The vesting date of these performance rights is 10 October 2016 with a fair value of \$0.36. These performance rights will expire on 17 March 2017.

Directors' Statutory Report

For the year ended 30 June 2014

4.11 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:

	Held at 1 July 2013	Granted	Forfeited on termination	Vested during the year	Exercisable	Held at 30 June 2014
Directors						
Mr D. Maxwell	2,965,705	1,464,564	-	-	-	4,430,269
Mr H. Gordon	728,731	850,261	-	-	-	1,578,992
Executives						
Mr A. Thomas	698,412	529,616	-	-	-	1,228,028
Mr J. de Ross	399,059	465,609	-	-	-	864,668
Ms A. Evans	153,782	235,795	-	-	-	389,577
Mr I. MacDougall	-	312,033	-	-	-	312,033

	Held at 1 July 2012	Granted	Forfeited on termination	Vested during the year	Exercisable	Held at 30 June 2013
Directors						
Mr D. Maxwell	1,647,713	1,317,992	-	-	-	2,965,705
Mr H. Gordon	-	728,731	-	-	-	728,731
Executives						
Mr A. Thomas	-	698,412	-	-	-	698,412
Mr J. de Ross	-	399,059	-	-	-	399,059
Ms A. Evans	-	153,782	-	-	-	153,782
Mr S. Twartz	732,605	-	732,605	-	-	-
Mr A. Warton	569,021	-	403,104	165,917	-	-
Mr S. Blenkinsop	529,788	-	529,788	-	-	-
Mr J. Baillie	454,952	-	322,296	132,656	-	-

Directors' Statutory Report

For the year ended 30 June 2014

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 2013	Purchases	Received on vesting of performance rights	Sales	Held at 30 June 2014
Directors					
Mr J. Conde AO	-	250,000	-	-	250,000
Mr L. Shervington	405,933				Resigned
Mr D. Maxwell	1,013,190	250,000	-	-	1,263,190
Mr J. Schneider	300,000	-	-	-	300,000
Mr H. Gordon	176,608	-	-	-	176,608
Ms A. Williams	-	-	-	-	-
Executives					
Mr J. de Ross	-	200,000	-	-	200,000

	Held at 1 July 2012	Purchases	Received on vesting of performance rights	Sales	Held at 30 June 2013
Directors					
Mr J Conde AO	-	-	-	-	-
Mr L. J. Shervington	405,933	-	-	-	405,933
Mr D. Maxwell	935,527	77,663	-	-	1,013,190
Mr J. Schneider	300,000	-	-	-	300,000
Mr H. Gordon	176,608	-	-	-	176,608
Executives					
Mr S. Blenkinsop	2,933	-	-	-	Resigned

Directors' Statutory Report

For the year ended 30 June 2014

4.12 Table of Directors' remuneration for 2013 and 2014 financial years

		Benefits					Share Based Remuneration ^b			
		Short-term			Long Term	Post Employment				
Directors		Base salary & Fees \$	STIP \$	Other Short Term Benefits ^a \$	Long Service Leave \$	Superannuation \$	LTIP Performance Rights \$	Termination Payments \$	Total \$	% Total in Performance Rights \$
Mr J. Conde AO Appointed as Chairman on 25/02/13	2014	146,453	-	-	-	13,547	-	-	160,000	-
	2013	48,929	-	-	-	4,403	-	-	53,332	-
Mr L. Shervington Resigned on 07/11/13	2014	34,325	-	1,942	-	3,175	-	-	39,442	-
	2013	104,189	-	-	-	9,377	-	-	113,566	-
Mr J. Schneider Appointed as Non- Executive Director on 12/10/11	2014	89,627	-	-	-	8,290	-	-	97,917	-
	2013	89,514	-	-	-	8,056	-	-	97,570	-
Mr D. Maxwell Appointed as Managing Director on 12/10/11	2014	612,225	315,000	68,367	-	17,775	442,841	-	1,456,208	30.4%
	2013	613,529	280,350	-	-	16,470	294,261	-	1,204,610	24.4%
Mr H. Gordon Appointed as Executive Director on 26/06/12	2014	367,225	139,018	6,101	-	17,775	135,021	-	665,140	20.3%
	2013	430,522	146,850	-	-	16,470	83,440	-	677,282	12.3%
Ms A Williams Appointed as Non- Executive Director on 28/08/13	2014	70,557	-	1,158	-	6,526	-	-	78,241	-
	2013	-	-	-	-	-	-	-	-	-

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

b) 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 4.10 above and in more detail in Note 23 of the Notes to the Financial Statements. None of the performance rights issued have vested and no payments were made for performance rights during the current financial year.

Directors' Statutory Report continued

For the year ended 30 June 2014

4.13 Table of Executives' remuneration for 2013 and 2014 financial years

		Benefits					Share Based Remuneration ^b			
		Short-term			Long-term	Post Employment				
Executives		Base salary & Fees \$	STIP \$	Other Short Term Benefits ^a \$	Long Service Leave \$	Superannuation \$	Performance Rights \$	Termination Payments \$	Total \$	% Total in Performance Rights \$
Mr A. Thomas	2014	372,775	97,638	5,568	-	17,775	114,515	-	608,271	18.8%
Commenced as Exploration Manager on 01/07/12	2013	341,030	91,341	-	-	16,470	82,386	-	531,227	15.5%
Mr J. de Ross	2014	325,575	108,588	5,992	-	17,775	73,939	-	531,869	13.9%
Commenced as Chief Finance Officer on 27/09/12 and as Company Secretary on 25/11/13	2013	232,897	80,252	-	-	12,352	45,692	-	371,193	12.3%
Ms A. Evans	2014	153,474	43,470	5,992	-	14,196	27,069	-	244,201	11.1%
Commenced as Company Secretary and Legal Counsel (0.6 FT equivalent) on 21/02/12	2013	46,260	11,342	-	-	4,163	1,064	-	62,829	1.7%
Mr S. Twartz	2014	-	-	-	-	-	-	-	-	-
Made redundant on 31/07/12	2013	97,845	93,294	-	-	1,372	-	158,480	350,991	-
Mr J. Baillie	2014	-	-	-	-	-	-	-	-	-
Made redundant on 31/12/12	2013	187,343	91,412	-	36,470	8,235	- ^c	249,385	572,845	-
Mr S. Blenkinsop	2014	-	-	-	-	-	-	-	-	-
Resigned on 05/07/12	2013	79,364	-	-	-	2,745	-	-	82,109	-
Mr A. Warton	2014	-	-	-	-	-	-	-	-	-
Made redundant on 31/12/12	2013	223,357	102,850	-	-	8,235	- ^c	163,995	498,437	-
Mr I. MacDougall	2014	138,664	37,760	1,957	-	6,998	6,241	-	191,620	3.3%
Commenced as Operations Manager 02/02/14	2013	-	-	-	-	-	-	-	-	-

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

b) 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 4.10 above and in more detail in Note 23 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.

c) In the previous financial year performance rights vested on termination of employment. The value of these performance rights issued to John Baillie and Aleksander Warton was \$34,623 and \$43,304 respectively.

4.14 Realised Remuneration

The Company believes that reporting pay 'actually realised' (i.e. received) by Executives is useful to shareholders and provides clear and transparent disclosure of remuneration paid by the Company. The following table shows remuneration 'actually realised' by the Executives during the reporting period. This information is non-IFRS and unaudited and is in addition to and different from the disclosures required by the Corporations Act and Accounting Standards, which are included in the Remuneration Report on pages 12 to 23.

The table below sets out the STIP cash bonus that was actually paid to the Executive during the current reporting period in respect of prior period performance. In contrast, the amounts shown in Table 4.12 and 4.13 above represent an estimate of the bonus that the Executive will receive in the subsequent financial year for their current reporting period performance, along with a true-up for any difference between the amount accrued and the amount paid for the preceding period.

As a general principle, the Accounting Standards require a value to be placed on LTIP awards based on probabilistic calculations at the time of grant. This value is not relative to or indicative of the actual benefit (if any) that may ultimately be realised by Executives if the performance hurdles are met and the performance rights vest. The table below sets out the value of the LTIP based on the closing price of the shares issued to the Executive on the date of vesting (if any).

Name	Year	Fixed Remuneration ¹	STIP ²	LTIP ³	Other ⁴	Total
Executive Directors						
Mr D Maxwell	2014	630,000	280,350	-	68,367	978,717
	2013	629,999	187,348	-	-	817,347
Mr H Gordon	2014	385,000	146,850	-	6,101	537,951
	2013	446,992	-	-	-	446,992
Executives						
Mr A Thomas	2014	390,550	91,341	-	5,568	487,459
	2013	357,500	-	-	-	357,500
Mr J de Ross	2014	343,350	80,252	-	5,992	429,594
	2013	245,249	22,750	-	-	267,999
Ms A Evans	2014	167,670	11,342	-	5,992	185,004
	2013	50,423	-	-	-	50,423
Mr I MacDougall	2014	145,661	-	-	1,957	147,618
	2013	-	-	-	-	-
Mr S Twartz	2014	-	-	-	-	-
	2013	99,217	93,294	-	158,480	350,991
Mr J Baillie	2014	-	-	-	-	-
	2013	195,578	91,412	61,022	249,385	597,397
Mr S Blenkinsop	2014	-	-	-	-	-
	2013	82,109	-	-	-	82,109
Mr A Warton	2014	-	-	-	-	-
	2013	231,592	102,850	76,322	163,995	574,759

1. 'Fixed Remuneration' comprises base salary and superannuation.

2. 'STIP' is the amount of the STIP cash bonus that was actually paid to the executive during the 2014 financial year in respect of performance in the 2013 financial year. For the value of the STIP calculated in accordance with the Accounting Standards, see the tables in section 4.12 on page 22 and section 4.13 on page 23.

3. The figures in this 'LTIP' column show the pre-tax vested value of performance rights which vested during the reporting period, calculated based on the share price on the date the performance rights were vested.

4. 'Other' short term benefits include fringe benefits on accommodation, car parking and other benefits.

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.

9. Likely developments

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

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:

	Cooper Energy Limited	
	Ordinary Shares	Performance Rights
Mr J. Conde AO	250,000	-
Mr D. Maxwell	1,263,190	4,430,269
Mr J. Schneider	300,000	-
Mr H. Gordon	176,608	1,578,992
Ms A. Williams	-	-

11. Share options and performance 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 have been 14,748,003 performance rights granted to employees under the Employee Performance Rights Plan.

12. Events after financial reporting date

Refer to Note 26 of the Notes to the Financial Statements.

Directors' Statutory Report continued

For the year ended 30 June 2014

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 78 and forms part of the Directors' report for the financial year ended 30 June 2014.

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 \$nil (2013: \$nil).

18. Rounding

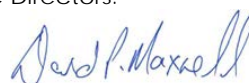
The Group is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.



Mr John C Conde AO
Chairman

Dated at Adelaide 18 August 2014



Mr David P Maxwell
Managing Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

		Consolidated	
	Notes	2014 \$'000	2013 \$'000
Continuing Operations			
Revenue from oil sales	4	72,303	53,397
Cost of sales	4	(26,056)	(23,541)
Gross profit		46,247	29,856
Other revenue	4	2,842	2,343
Exploration and evaluation expenditure written off		(1,261)	(1,493)
Finance costs	4	(296)	(39)
Impairment of available for sale financial assets		(3,064)	-
Administration and other expenses	4	(13,258)	(12,364)
Profit before tax		31,210	18,303
Taxes			
Income tax expense	5	(9,028)	(5,569)
Petroleum Resource Rent Tax	5	-	(11,019)
Total tax expense	5	(9,028)	(16,588)
Net profit after tax from continuing operations		22,182	1,715
Discontinued operations			
Impairment of exploration assets held for sale after income tax	10	(232)	(397)
Total profit for the period attributable to members		21,950	1,318
Other comprehensive income/(expenditure)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve		(164)	-
Fair value movements on available for sale investments		5,796	(2,377)
Income tax effect on fair value movements		(1,346)	-
Reclassification during the year to profit or loss of impairment on AFS investments		3,064	-
Other comprehensive income/(expenditure) for the period net of tax		7,350	(2,377)
Total comprehensive income/(loss) for the period attributable to members		29,300	(1,059)
		cents	cents
Basic earnings per share from continuing operations	6	6.7	0.5
Diluted earnings per share from continuing operations	6	6.5	0.5
Basic earnings per share	6	6.7	0.4
Diluted earnings per share	6	6.4	0.4

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

Consolidated Statement of Financial Position

As at 30 June 2014

		Consolidated	
	Notes	2014 \$'000	2013 \$'000
Assets			
Current Assets			
Cash and cash equivalents	7	47,178	43,154
Trade and other receivables	8	10,901	19,457
Inventory		289	204
Prepayments	9	732	757
		59,100	63,572
Exploration assets classified as held for sale	10	46,906	23,809
Total Current Assets		106,006	87,381
Non-Current Assets			
Available for sale financial assets	11	26,040	20,182
Other non-current receivables		244	-
Term deposits at banks	7	1,919	4,766
Oil properties	12	18,293	17,416
Other property, plant & equipment	13	1,141	1,464
Exploration and evaluation	14	94,621	30,846
Total Non-Current Assets		142,258	74,674
Total Assets		248,264	162,055
Liabilities			
Current Liabilities			
Trade and other payables	15	12,896	11,845
Income tax payable	5	5,040	-
		17,936	11,845
Exploration liabilities classified as held for sale	10	2,740	573
Total Current Liabilities		20,676	12,418
Non-Current Liabilities			
Deferred tax liabilities	5	14,431	9,102
Provisions	16	41,360	3,325
Financial liabilities	17	4,004	-
Total Non-Current Liabilities		59,795	12,427
Total Liabilities		80,471	24,845
Net Assets		167,793	137,210
Equity			
Contributed equity	18	114,625	114,570
Reserves	18	7,440	(1,138)
Retained profits	18	45,728	23,778
Total Equity		167,793	137,210

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

Consolidated Statement of Changes in Equity

For the Year ended 30 June 2014

	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2013	114,570	(1,138)	23,778	137,210
Profit for the period	-	-	21,950	21,950
Other comprehensive income	-	7,350	-	7,350
Total comprehensive income for the period	-	7,350	21,950	29,300
Transactions with owners in their capacity as owners:				
Share based payments	-	1,283	-	1,283
Transferred to issued capital	55	(55)	-	-
Shares issued	-	-	-	-
Balance at 30 June 2014	114,625	7,440	45,728	167,793

Balance at 1 July 2012	113,877	608	22,460	136,945
Profit for the period	-	-	1,318	1,318
Other comprehensive (expenditure)	-	(2,377)	-	(2,377)
Total comprehensive income/(expenditure) for the period	-	(2,377)	1,318	(1,059)
Transactions with owners in their capacity as owners:				
Share based payments	-	737	-	737
Transferred to issued capital	106	(106)	-	-
Shares issued	587	-	-	587
Balance at 30 June 2013	114,570	(1,138)	23,778	137,210

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

		Consolidated	
	Notes	2014 \$'000	2013 \$'000
Cash Flows from Operating Activities			
Receipts from customers		80,991	45,197
Payments to suppliers and employees		(32,431)	(31,491)
Income tax received/(paid)		300	(3,413)
Interest received – other entities		1,398	2,161
Net cash from operating activities	7	50,258	12,454
Cash Flows from Investing Activities			
Transfers of/(Placements on) term deposits		2,847	(2,315)
Payment for available for sale financial assets	11	(62)	(10,172)
Receipts from sale of other property, plant & equipment		12	-
Receipts from sale of financial assets		-	1,161
Payments for exploration and evaluation		(43,333)	(10,978)
Investments in oil properties		(5,967)	(6,201)
Net cash flows used in investing activities		(46,503)	(28,505)
Cash Flows from Financing Activities			
Payment for shares		(55)	(85)
Net cash flow used in financing activities		(55)	(85)
Net increase/(decrease) in cash held		3,700	(16,136)
Net foreign exchange differences		324	280
Cash and Cash Equivalents At 1 July		43,154	59,010
Cash and Cash Equivalents At 30 June	7	47,178	43,154

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

Notes to the Financial Statements

For the year ended 30 June 2014

1. Corporate information

The consolidated financial report of Cooper Energy Limited (the parent entity) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 15 August 2014.

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 note 5 of the Directors 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 available for sale financial assets which have been 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 Class Order 98/0100. The Group is an entity to which the class order applies.

Significant event and transaction

On 31 March 2014 Cooper Energy Ltd announced the acquisition of a 65% interest in the Basker/Manta/Gummy gas and liquids project (BMG). The acquisition was completed in May 2014. This acquisition consisted of 3 production licences with undeveloped resources and Cooper Energy assumed any abandonment liability for the interests purchased at 39% until October 2018 and then 65% thereafter. For cash costs of \$1.877million, Cooper Energy made an asset acquisition consisting of the following:

- BMG Exploration assets acquired \$42.443 million
- Abandonment provisions \$36.601 million
- Success Fee Liability \$3.965 million

Change in functional currency

Refer to Note 2 f) for further detail.

b) Statement of compliance

(i) Changes in accounting policy and disclosures.

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

The Accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standard and AASB Interpretations as of 1 July 2013:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124)

Adoption of these standard interpretations is described below:

Notes to the Financial Statements

For the year ended 30 June 2014

b) Statement of compliance continued

AASB 10	Consolidated Financial Statement
Summary	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statement and UIG -112 <i>Consolidation – Special Purpose Entities</i>.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7, and AASB 2012-10.</p>
Application Date of the Standard	1 January 2013
Application date for Group	1 July 2013
Impact on Group financial report	The Group's existing recognition of control did not change with the adoption of this accounting standard.
AASB 11	Joint Arrangements
Summary	<p>AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly-controlled Entities – Non-monetary Contributions by Ventures</i>.</p> <p>AASB 11 uses the principle of control in AASB 10 to define joint control and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.</p> <p>Amendments made by the IASB in May 2014 add guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.</p>
Application Date of the Standard	1 January 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	The Group has several joint arrangements currently in place. The joint arrangements are considered to be joint operations under the new standard. As such the group recognises its' interest in the joint venture for assets, liabilities, revenues from sale of output and expenses incurred. There was no impact from the application of this standard as the treatment is consistent with the Group's previous practice.

Notes to the Financial Statements

For the year ended 30 June 2014

b) Statement of compliance continued

AASB 12	<i>Disclosure of Interests in Other entities</i>
Summary	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
Application Date of the Standard	1 January 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	The Group has provided more extensive and detailed disclosures in relation to its subsidiaries and joint arrangements. These disclosures will enable users of the Group's consolidated financial statements to further evaluate any restrictions on the ability of the Group to use assets, the nature and change of any risks. These disclosures do not have a financial impact upon the financial statements.

AASB 13	<i>Fair Value Measurement</i>
Summary	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>
Application Date of the Standard	1 January 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	The Group currently utilises fair value measures which are dependent upon the relevant asset. Application of AASB 13 has not materially impacted the fair value measurements of the Group. Additional disclosure around the assumptions made and the qualitative information used in generation of the fair value can be found in Note 19.

Notes to the Financial Statements

For the year ended 30 June 2014

b) Statement of compliance continued

AASB 119	<i>Employee Benefits</i>
Summary	The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.
Application Date of the Standard	1 January 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	The application of this standard has not resulted in any significant change in the 2014 financial year end accounts.

AASB 2012-2	<i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
Summary	This amendment principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.
Application Date of the Standard	1 January 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	Currently the Group does not offset any financial assets against financial liabilities. No further disclosures have been made.

AASB 2011-4	<i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124)</i>
Summary	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
Application Date of the Standard	1 July 2013
Application Date for Group	1 July 2013
Impact on Group Financial report	The Group has removed the KMP disclosures for equity holdings and other related party transactions from Note 22.

Notes to the Financial Statements

For the year ended 30 June 2014

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 2014, are outlined below:

AASB 2012-3	<i>Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities</i>
Summary	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
Application Date of the Standard	1 January 2014
Application date for Group	1 July 2014
Impact on Group financial report	No change is expected from the adoption of this standard.

AASB 1031	<i>Materiality</i>
Summary	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed
Application Date of the Standard	1 January 2014
Application Date for Group	1 July 2014
Impact on Group Financial report	No change to the Group is expected from the adoption of this standard.

Notes to the Financial Statements

For the year ended 30 June 2014

b) Statement of compliance continued

IFRS Annual Improvements 2010-2012 Cycle	Annual Improvements to IFRSs 2010-2012 Cycle
Summary	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.</p> <p>Annual Improvements to IFRSs 2010-2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> ▶ AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ▶ AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ▶ AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ▶ AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. <ul style="list-style-type: none"> ▶ AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.
Application Date of the Standard	1 July 2014
Application Date for Group	1 July 2014
Impact on Group Financial report	Adoption of this standard will have no impact upon the Group financial statements or the related disclosures.

Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
Summary	<p>IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>
Application Date of the Standard	1 January 2016
Application Date for Group	1 July 2016
Impact on Group Financial report	The Group currently uses diminishing value and units of production bases for the calculation of depreciation and amortisation. This standard will have no impact upon the Group's current methodologies.

Notes to the Financial Statements

For the year ended 30 June 2014

b) Statement of compliance continued

IFRS 15	<i>Revenue from Contracts with Customers</i>
Summary	<p>In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services)</p> <p>The core principle of IFRS 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>
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 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 2014

b) Statement of compliance continued

AASB 9	Financial Instruments
Summary	<p>On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.</p> <p>The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timely basis.</p> <p>The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p> <p>AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p> <ol style="list-style-type: none"> Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p>
Application Date of the Standard	1 January 2018
Application Date for Group	1 July 2018
Impact on Group Financial report	The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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 2014

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

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 139 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 139, 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.

Notes to the Financial Statements

For the year ended 30 June 2014

e) Joint arrangements

The Group has an interest 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 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.

During the period, the Group performed a reassessment of the economic environment in which Cooper Energy Sukananti Ltd operates, and as a result, the entity's functional currency was changed from Australian dollars to US dollars. This is primarily due to the fact that during the period the entity has been cash flow positive and therefore is no longer expected to be totally reliant on Cooper Energy for funding. The change in functional currency has been applied prospectively with effect from 1 July 2013, in accordance with the requirements of the Australian Accounting Standards. The exchange rate at 1 July 2013 was 0.9275. The assets and liabilities of this entity are translated into the presentation currency of the Group at the rate of exchange ruling at the respective reporting date. The income statements are translated at the average exchange rates for the reporting period, or at the exchange rates ruling at the date of transactions. Exchange differences arising on translation of Australian dollar denominated intercompany loans are taken to the foreign currency translation reserve in equity. The total impact to foreign currency translations reserve for the current year is an unrealised loss of \$164,000.

The remaining foreign operations of the group have an Australian dollar functional currency.

g) Investments

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2014

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 method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

i) Depreciation and amortisation

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

Oil properties are amortised on the Units of Production basis using the best estimate of proved and probable (2P) reserves. No amortisation is charged on areas under development where production has not commenced.

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

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, annual leave and accumulating sick leave. Liabilities to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amount expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The general provisions for long service leave 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 on national government 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 in section 4 of the Directors' Report.

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, 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 granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Notes to the Financial Statements

For the year ended 30 June 2014

k) Share based payments continued

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 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.

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.

Notes to the Financial Statements

For the year ended 30 June 2014

m) Joint Venture fees

Revenue is recognised when the Group's right to receive payment is established or services are rendered.

n) 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 taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2014

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 properties.

Notes to the Financial Statements

For the year ended 30 June 2014

q) Oil properties

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

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

r) Provision for restoration

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

A restoration provision is recognised after the construction of the facility and then reviewed on an annual basis.

When the liability is recorded the carrying amount of the production assets is increased by the asset retirement costs and depreciated over the producing life of the asset. Over time, the liability is increased for the change in the present value based on a risk 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 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.

s) 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.

Notes to the Financial Statements

For the year ended 30 June 2014

s) Property, plant and equipment continued

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.

t) 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.

u) Cash and cash equivalents

Cash and short term deposits in the Consolidated Statement of Financial Position comprise cash at bank and short term deposits with an original maturity of twelve 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.

v) Trade and other receivables

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

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

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 2014

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 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) 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. 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.

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.

Notes to the Financial Statements

For the year ended 30 June 2014

(i) Significant accounting judgements continued

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.

Recoverability of trade and other receivables

The future recoverability of part of trade receivables from the sale of hydrocarbons is dependent on the average spot price for oil and the currency exchange rate for the Australian dollar to the United States dollar at the date of export from Australia.

Factors that could impact on the future recoverability of the trade receivables are the movement in the daily spot Australian dollar to the United States dollar and the spot price for crude oil which are both publically quoted prices.

Impairment of capitalised exploration and evaluation expenditure

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

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

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

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

Impairment of oil properties and property, plant & equipment

The Group reviews the carrying amount of oil properties 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.

Notes to the Financial Statements

For the year ended 30 June 2014

(ii) Significant accounting estimates and assumptions continued

Provisions for decommissioning and restoration costs

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

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

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

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

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

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

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

The following are the current geographical segments:

Australian Business Unit

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

Asian Business Unit

The Asian business unit involved the production and sale of crude oil from the Tangai-Sukananti KSO. It is located on the island of Sumatra, Indonesia. Revenue is derived from the sale of crude oil to PT Pertamina EP. The Group is also involved in exploration and evaluation for oil and gas in the Sumbagsel and Merangin III Permit areas on the island of Sumatra, Indonesia.

African Business Unit

Exploration and evaluation for oil and gas in the Bargou, Nabeul and Hammamet permit areas off the coast of Tunisia. No income is derived from these units. The Company has announced its intention to dispose of the equity interests in the Tunisian assets.

European Business Unit

The Company has disposed of all exploration interests in Poland and is in the process of winding up the Polish and Dutch subsidiaries.

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 2014

3. Segment reporting continued

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

Geographical Segments	Australian Business Unit \$'000	African Business Unit (disc. operation) \$'000	Asian Business Unit \$'000	European Business Unit (disc. operation) \$'000	Elimination \$'000	Consolidated \$'000
Year ended 30 June 2014						
Revenue	66,457	-	5,846	-	-	72,303
Interest and other revenue	3,973	-	-	-	(1,131)	2,842
Total consolidated revenue	70,430	-	5,846	-	(1,131)	75,145
Depreciation of property	(434)	-	(52)	-	-	(486)
Amortisation of:						
- Development costs	(4,943)	-	(707)	-	-	(5,650)
- Exploration costs	(1,112)	-	-	-	-	(1,112)
Finance costs	(296)	-	-	-	-	(296)
Share based payments	(1,283)	-	-	-	-	(1,283)
Exploration costs written off	(1,261)	-	-	-	-	(1,261)
Segment result	30,396	(17)	2,177	(215)	(1,131)	31,210
Income tax						(9,028)
Net Profit						22,182
Segment liabilities	75,767	2,670	1,963	71	-	80,471
Segment assets	185,825	46,844	15,533	62	-	248,264
Non-Current Assets	129,555	-	12,703	-	-	142,258
Cash flow from:						
- Operating activities	48,100	688	1,360	110	-	50,258
- Investing activities	(19,529)	(22,149)	(4,645)	(180)	-	(46,503)
- Financing	(55)	-	-	-	-	(55)
Capital Expenditure	(22,351)	(22,149)	(4,620)	(180)	-	(49,300)
Year ended 30 June 2013						
Revenue	50,977	-	2,420	-	-	53,397
Other revenue	2,343	-	-	-	-	2,343
Total consolidated revenue	53,320	-	2,420	-	-	55,740
Depreciation of property	(232)	-	(60)	-	-	(292)
Amortisation of:						
- Development costs	(4,425)	-	(150)	-	-	(4,575)
- Exploration costs	(1,513)	-	-	-	-	(1,513)
Finance costs	(39)	-	-	-	-	(39)
Share based payments	(737)	-	-	-	-	(737)
Exploration costs written off	(1,493)	-	-	-	-	(1,493)
Segment result	18,861	-	(161)	(397)	-	18,303
Income tax						(16,588)
Net Profit						1,715
Segment liabilities	23,630	574	641	-	-	24,845
Segment assets	130,638	23,613	7,608	196	-	162,055
Non-Current Assets	68,538	-	6,136	-	-	74,674
Cash flow from:						
- Operating activities	16,336	(2,053)	(1,632)	(197)	-	12,454
- Investing activities	(23,552)	(832)	(3,724)	(397)	-	(28,505)
- Financing	(85)	-	-	-	-	(85)
Capital Expenditure	(12,255)	(832)	(3,724)	(397)	-	(17,208)

Notes to the Financial Statements

For the year ended 30 June 2014

3. Segment reporting continued

Revenue from external customers by geographical location of production

	2014 \$'000	2013 \$'000
Australia	66,457	50,977
Indonesia	5,846	2,420
Total revenue	72,303	53,397

Revenue from one customer amounted to \$63,983,000 (2013:\$50,903,000) arising from oil sales.

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 2014 \$'000	2013 \$'000
Revenues from oil operations		
Oil sales	72,303	53,397
Total revenue from oil sales	72,303	53,397
Other revenue		
Interest revenue	1,360	1,960
Other	-	346
Joint venture fees	1,482	37
Total other income	2,842	2,343
Cost of sales		
Production expenses	(12,814)	(12,357)
Royalties	(6,480)	(5,096)
Amortisation of exploration costs in areas under production	(1,112)	(1,513)
Amortisation of development costs in areas of production	(5,650)	(4,575)
Total cost of sales	(26,056)	(23,541)
Finance costs		
Finance cost – accretion of rehabilitation cost	(257)	(39)
Other finance cost	(39)	-
Total finance costs	(296)	(39)
Administration and other expenses		
Depreciation of property, plant and equipment	(486)	(292)
General administration (includes employee benefits and lease payments)	(12,423)	(11,961)
Realised and unrealised foreign currency translation loss	(349)	(111)
Total other expenses	(13,258)	(12,364)
Employee benefits expense		
Director and employee benefits	(5,716)	(6,612)
Share based payments	(1,283)	(737)
	(6,999)	(7,349)
Lease payments		
Minimum lease payment – operating lease	(99)	(828)

Notes to the Financial Statements

For the year ended 30 June 2014

5. Income Tax

The major components of income tax expense are:

	Consolidated	
	2014 \$'000	2013 \$'000
Consolidated Statement of Comprehensive Income		
<i>Current income tax</i>		
Current income tax charge	(5,040)	-
Adjustments in respect of prior year income tax	290	297
	(4,750)	297
<i>Deferred income tax</i>		
Origination and reversal of temporary differences	(4,278)	(5,866)
	(4,278)	(5,866)
Income tax expense	(9,028)	(5,569)
Petroleum Resource Rent Tax - deferred tax	-	(11,019)
Total tax expenses	(9,028)	(16,588)
Numerical reconciliation between tax expense and pre-tax net profit		
Accounting profit before tax from continuing operations	31,210	18,303
Income tax using the domestic corporation tax rate of 30% (2013: 30%)	(9,363)	(5,491)
Increase/(decrease) in income tax expense due to:		
Non-deductible expenditure	(1,411)	(556)
Recognition of previously unrecognised capital losses	1,346	104
Adjustments in respect to current income tax of previous years	290	297
Non Australian taxation jurisdictional subsidiaries	110	77
	335	(78)
Income tax expense	(9,028)	(5,569)
Income tax recognised in other comprehensive income		
Revaluation of available for sale financial assets	(1,346)	-
Income tax using the domestic corporation tax rate of 30% (2013: 30%)	(1,346)	-

Notes to the Financial Statements

For the year ended 30 June 2014

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 intercompany 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.

Unrecognised temporary differences

At 30 June 2014, 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 (2013 \$nil).

Franking Tax Credits

At 30 June 2014 the parent entity had franking tax credits of \$38,663,576 (2013: \$38,963,577). The fully franked dividend equivalent is \$90,215,011 (2013 \$90,915,013).

PRRT

Cooper Energy Limited has not recognised a Deferred Tax Asset for the Petroleum Rent Resource Tax of \$19,071,000 (2013: \$23,936,000) 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 Limited has not recognised a Deferred Tax Asset for the year ended 30 June 2014 (2013: \$3,530,550). All prior recognised Deferred Tax Assets have been fully utilised during the current year.

(b) Capital Losses

Cooper Energy Limited has recognized a Deferred Tax Asset for \$1,346,000 against an unrealized gain on available for sale financial assets. This Deferred Tax Asset is in turn, offset by a Deferred Tax Liability which is recognized in other comprehensive income. Cooper Energy has not recognized a Deferred Tax Asset for Australian income tax capital losses of \$15,987,262 (2013: \$20,464,313) 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 2014

5. Income tax continued

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deferred income tax from corporate tax				
Deferred income tax at the 30 June relates to the following:				
<i>Deferred tax liabilities</i>				
Trade and other receivables	1,790	3,616	1,826	(1,526)
Available for sale financial assets	-	-	919	-
Oil property	1,624	2,264	849	(166)
Exploration and evaluation	12,637	7,886	(4,751)	(7,452)
Unrealised currency translation gain	122	197	83	(205)
	16,173	13,963		
<i>Deferred tax assets</i>				
Oil properties	-	-	-	-
Equity raising costs	15	19	(3)	(4)
Trade and other payables	42	-	7	(357)
Provision for employee entitlements	512	315	(97)	5
Provisions	1,173	996	388	8
Unrealised currency translation loss	-	-	-	-
Tax losses	-	3,831	(3,499)	3,831
	1,742	5,161		
Carry back losses – adjustment to deferred tax assets recognised	-	(300)	-	-
Deferred tax income (expense)			(4,278)	(5,866)
Deferred tax liability from corporate tax	14,431	9,102		
Deferred income tax from petroleum resource rent tax				
Deferred income tax 30 June relates to the following:				
<i>Deferred tax liabilities</i>				
Exploration and evaluation	-	-	-	1,214
<i>Deferred tax assets</i>				
Oil properties	-	-	-	(12,233)
				(11,019)
As represented on the Consolidated Statement of Financial Position, deferred tax asset	-	-		
As represented on the Consolidated Statement of Financial Position, net deferred tax liability	14,431	9,102		

Notes to the Financial Statements

For the year ended 30 June 2014

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.

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

	Consolidated	
	2014 \$'000	2013 \$'000
Net profit attributable to ordinary equity holders of the parent from continuing operations	22,182	1,715
	2014 Thousands	2013 Thousands
Weighted average number of ordinary shares for basic earnings per share	329,377	329,100
Weighted average number of ordinary shares adjusted for the effect of dilution	341,666	338,056
Basic earnings per share for the period (cents per share)	6.7	0.5
Diluted earnings per share for the period (cents per share)	6.5	0.5

	Consolidated	
	2014 \$'000	2013 \$'000
Net profit attributable to ordinary equity holders of the parent from continuing and discontinued operations	21,950	1,318
	2014 Thousands	2013 Thousands
Weighted average number of ordinary shares for basic earnings per share	329,377	329,100
Weighted average number of ordinary shares adjusted for the effect of dilution	341,666	338,056
Basic earnings per share for the period (cents per share)	6.7	0.4
Diluted earnings per share for the period (cents per share)	6.4	0.4

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.

If the performance rights are vested in full, then 14,748,003 shares would be issued over the next three years.

Notes to the Financial Statements

For the year ended 30 June 2014

7. Cash and cash equivalents and term deposits

	Consolidated	
	2014	2013
Current Assets	\$'000	\$'000
Cash at bank and in hand	7,671	6,154
Short term deposits at banks (i)	39,507	37,000
	47,178	43,154
Non-Current Assets		
Term deposits at bank (ii)	1,919	4,766

- (i) Short term deposits at the banks are in Australian dollars and are for periods of up to 12 months and earn interest at money market interest rates.
- (ii) The non-current term deposits at bank consist of a deposit of US\$1.5m which matures on 15 August 2014 at a fixed interest rate of 0.18%. The term deposit has been pledged to the bank to underwrite performance bonds issued by a wholly owned subsidiary. The carrying value of the term deposit approximates its fair value.

The Company has a bilateral facility agreement for bank facilities totalling \$40 million with Westpac Banking Corporation. Tranche A \$10 million is available for issuing bank guarantees and cash advances (sub limit \$5 million). As at 30 June 2014 bank guarantees of \$2,627,000 (2013:\$nil) in relation to performance bonds on exploration permits were issued against the facility. Tranche B \$30 million is subject to satisfaction of certain conditions precedent before draw down.

Reconciliation of net profit after tax to net cash flows from operating activities

Net Profit for the Year	21,950	1,318
Adjustments for:		
Amortisation of development costs in areas of production	5,650	4,575
Amortisation of exploration costs in areas under production	1,112	1,513
Depreciation of property, plant and equipment	486	292
Exploration and evaluation written off	1,261	1,493
Impairment of Non-Current Assets	3,064	-
(Profit)/Loss on sale of investments	-	(346)
Share based payments	1,283	631
Finance cost – accretion of rehabilitation cost	296	39
Unrealised foreign currency translation loss	607	111
(Increase)/decrease in trade and other receivables	8,556	(7,484)
(Increase)/decrease in inventories	(85)	(15)
(Increase)/decrease in prepayments	25	(560)
(Increase)/decrease in deferred tax assets	-	12,233
(Decrease)/increase in deferred tax liabilities	-	4,952
(Decrease)/increase in trade and other payables	1,051	(487)
(Decrease)/increase in current tax liability	5,040	(3,706)
(Decrease)/increase in provisions	100	(565)
(Decrease)/increase in held for sale assets	(138)	(1,540)
Net cash from operating activities	50,258	12,454

Notes to the Financial Statements

For the year ended 30 June 2014

8. Trade and other receivables (current)

	Consolidated	
	2014	2013
	\$'000	\$'000
Trade receivables (i)	9,765	17,623
Related party receivables (ii)	787	614
Related party receivables – joint ventures (iii)	217	1,050
Interest receivable	132	170
	10,901	19,457

- (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.
- (iv) Due to the short-term nature of the trade and other receivables, the carrying value approximates fair value.

9. Prepayments (current)

Bank facility fee	333	500
Insurance	399	257
	732	757

10. Exploration assets held for sale and discontinued operations

In June 2013 the Board resolved to dispose of its exploration assets in Tunisia and withdrew from exploration assets in Poland. Management is in the process of obtaining expressions of interest from third parties for the Company's equity holding in its Tunisian exploration activities.

The losses from the exploration assets classified as held for sale are presented on a separate line in the Consolidated Statement of Comprehensive Income.

	2014	2013
	\$'000	\$'000
Exploration and evaluation assets held for sale	46,906	23,809
Liabilities associated with assets held for sale	(2,740)	(573)
Net assets directly associated with disposal group	44,166	23,236
(Loss)/Profit for the year from discontinued operations	(232)	(397)
Impairment loss recognised on the re-measurement to fair value	-	-
(Loss)/Profit for the year from discontinued operations	(232)	(397)
Basis (loss)/earnings per share from discontinued operations (cents per share)	(0.07)	(0.12)
Diluted (loss)/earnings per share from discontinued operations (cents per share)	(0.07)	(0.12)

Liabilities associated with assets held for sale include a provision for restoration of \$1,500,000.

Notes to the Financial Statements

For the year ended 30 June 2014

11. Available for sale investments (non-current)

	2014 \$'000	2013 \$'000
Shares at fair value	26,040	20,182
A reconciliation of the movement during the year is as follows:-		
Opening balance	20,182	13,203
Purchases	62	10,172
Sale of investment	-	(816)
Fair value movement through available for sale investment reserve	5,796	(2,377)
Closing balance	26,040	20,182

12. Oil properties (non-current)

	2014 \$'000	2013 \$'000
Regions of focus		
Australia	16,778	15,839
Asia	1,515	1,577
Africa	-	-
European	-	-
Total oil properties	18,293	17,416

	Transferred Exploration and Evaluation \$'000	Development \$'000	Total \$'000
Consolidated			
Year end 30 June 2014			
Carrying amount at 1 July 2013	3,289	14,127	17,416
Additions	261	7,301	7,562
Foreign currency adjustment	-	77	77
Depreciation	(1,112)	(5,650)	(6,762)
Carrying amount at 30 June 2014	2,438	15,855	18,293

As at 30 June 2014

Cost	5,063	26,080	31,143
Accumulated depreciation	(2,625)	(10,225)	(12,850)
	2,438	15,855	18,293

Year end 30 June 2013

Carrying amount at 1 July 2012	4,053	14,998	19,051
Additions	749	3,704	4,453
Depreciation	(1,513)	(4,575)	(6,088)
Carrying amount at 30 June 2013	3,289	14,127	17,416

As at 30 June 2013

Cost	4,802	18,702	23,504
Accumulated depreciation	(1,513)	(4,575)	(6,088)
	3,289	14,127	17,416

Notes to the Financial Statements

For the year ended 30 June 2014

13. Other property, plant & equipment (non-current)

	Consolidated	
	2014 \$'000	2013 \$'000
Consolidated		
Year end 30 June		
Carrying amount at 1 July	1,464	137
Additions	281	1,619
Disposals/written off	(118)	-
Depreciation	(486)	(292)
Carrying amount at 30 June	1,141	1,464
As at 30 June		
Cost	1,919	1,756
Accumulated depreciation	(778)	(292)
	1,141	1,464

14. Exploration and evaluation (non-current)

	Consolidated	
	2014 \$'000	2013 \$'000
Regions of focus		
Australia	83,702	26,287
Asia	10,919	4,559
Africa	-	-
European	-	-
Total exploration and evaluation	94,621	30,846
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	30,846	42,546
Expenditure	45,747	14,259
Exploration acquired	42,443	92
Transferred to oil properties	(261)	(749)
Unsuccessful exploration wells written off (i)	(1,261)	(1,493)
Exploration expenditure classified as held for sale	(22,893)	(23,809)
Carrying amount at 30 June	94,621	30,846

- (i) Exploration write offs relate to exploration wells that were plugged and abandoned as unsuccessful, during the year.
- (ii) Recoverability is dependent on the successful development and commercial exploration or sale of the respective areas of interest.

Notes to the Financial Statements

For the year ended 30 June 2014

15. Trade and other payables (current)

	Consolidated	
	2014	2013
	\$'000	\$'000
Trade payables (i)	5,504	4,785
Other payables (i)	-	358
Accruals	2,117	2,143
	7,621	7,286
Related party payables – joint arrangements (ii)	5,275	4,559
	12,896	11,845

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

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

16. Provisions (non-current)

Long service leave provision	104	4
Restoration provision	41,256	3,321
	41,360	3,325

Movement in carrying amount of the restoration provision:

Carrying amount at 1 July	3,321	3,240
Additional provision	1,077	42
Provision through BMG asset acquisition	36,601	-
Increase through accretion	257	39
Carrying amount at 30 June	41,256	3,321

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 2014 equalled 3.7% (2013: 3.54%).

17. Financial liabilities (non-current)

Success fee financial liability	4,004	-
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Movement in carrying amount of the success fee financial liability:

Obligation through BMG asset acquisition	3,965	-
Increase through accretion	39	-
Carrying amount at 30 June	4,004	-

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 BMG assets acquired on 7 May 2014.

The discount rate used in the calculation of the liability as at 30 June 2014 equalled 3.7% (2013: 0%).

Notes to the Financial Statements

For the year ended 30 June 2014

18. Contributed equity and reserves

	Consolidated	
	2014 \$'000	2013 \$'000

Share capital

Ordinary shares

Issued and fully paid	114,625	114,570
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Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent does not have authorised capital or par value in respect of its issued shares.

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

	Thousands	\$'000
Movement in ordinary shares on issue		
At 1 July 2013	329,100	114,570
Issuance of shares for Performance Rights	136	55
At 30 June 2014	329,236	114,625

Reserves

	Consolidation reserve \$'000	Foreign Currency Translation Reserve \$'000	Share based payment reserve \$'000	Option premium reserve \$'000	Available for sale investment reserve \$'000	Total \$'000
Consolidated						
At 30 June 2012	(541)	-	3,119	25	(1,995)	608
Other comprehensive income	-	-	-	-	(2,377)	(2,377)
Transferred to issued capital	-	-	(106)	-	-	(106)
Share-based payments	-	-	737	-	-	737
At 30 June 2013	(541)	-	3,750	25	(4,372)	(1,138)
Other comprehensive income	-	(164)	-	-	7,514	7,350
Transferred to issued capital	-	-	(55)	-	-	(55)
Share-based payments	-	-	1,283	-	-	1,283
At 30 June 2014	(541)	(164)	4,978	25	3,142	7,440

Notes to the Financial Statements

For the year ended 30 June 2014

18. 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 an Australian dollar loan and the 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 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.

Available for sale investment 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.

Retained earnings

	Consolidated	
	2014 \$'000	2013 \$'000
Movement in retained earnings were as follows:		
Balance 1 July	23,778	22,460
Net profit for the year	21,950	1,318
Balance at 30 June	45,728	23,778

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, or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2014 and 30 June 2013. The company has no current plans to adjust the capital structure.

Notes to the Financial Statements

For the year ended 30 June 2014

19. Financial risk management objectives and policies

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

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

The main financial risks that arise in the normal course of business for the Group's financial instruments are foreign currency risk, 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 taken to manage any of the risks identified below.

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

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 2014:

		Carrying amount		Fair value	
	Level	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Consolidated					
Financial assets					
Cash and cash equivalents	1	47,178	43,154	47,178	43,154
Term deposits	1	1,919	4,766	1,919	4,766
Available for sale investments	1	26,040	20,182	26,040	20,182
Trade and other receivables	1	10,901	19,457	10,901	19,457
Financial liabilities					
Trade and other payables	1	12,896	11,845	12,896	11,845
Success fee financial liability	3	4,004	-	4,004	-

19. 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:

Trade and other receivables

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

Available for sale investments

The fair value of available for sale investments 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.

Trade and other payables

The carrying value is a reasonable approximation of fair value due to the short-term nature of trade payables.

Success fee financial liability

The success fee liability is the fair value of the Group's liability to pay a \$4,004,000 success fee upon the commencement of commercial production of hydrocarbons on the Group's BMG assets acquired on 7 May 2014. Refer to Note 17 for details. The significant unobservable valuation input for the success fee financial liability includes: a probability of 10% that no payment is made, a probability of 30% the payment is made in 2018 and a 60% probability of the payment is made in 2028; and discount rate of 3.7%.

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 2014 and 30 June 2013.

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 2014 and 30 June 2013
- The impact on equity is the same as the impact on profit before tax

a) Foreign currency risk

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

In addition the Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, to the United States dollars, Euro's and Polish Zloty's. Transaction exposures, where possible, are netted off across the Group to reduce volatility and provide a natural hedge.

The Group may from time to time have cash denominated in United States dollars, Euro's and Polish Zloty's.

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.

Notes to the Financial Statements

For the year ended 30 June 2014

19. Financial risk management objectives and policies continued

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

	Consolidated	
	2014 \$'000	2013 \$'000
Financial assets		
Cash	5,269	3,637
Term deposits at bank	1,618	4,286
Trade and other receivables (current and non-current)	4,531	18,076
Financial liabilities		
Trade and other payables	2,897	641

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	
	2014 \$'000	2013 \$'000
<i>If the Australian dollar were higher at the balance date by 10%</i>	(775)	(2,351)
<i>If the Australian dollar were lower at the balance date by 10%</i>	947	2,818

	Impact on other comprehensive income	
	2014 \$'000	2013 \$'000
<i>If the Australian dollar were higher at the balance date by 10%</i>	(15)	-
<i>If the Australian dollar were lower at the balance date by 10%</i>	18	-

Notes to the Financial Statements

For the year ended 30 June 2014

19. Financial risk management objectives and policies continued

b) Commodity Price risk

Commodity price risk arises from the sale of oil denominated in US dollars. The Group does not sell forward any of its oil and has no financial instruments at report date that relates to commodity prices. The Group has provisional sales at 30 June 2014 of \$5,835,000 (2013: \$12,034,000).

	Impact on after tax profit	
	2014 \$'000	2013 \$'000
<i>If the Brent Average price were higher at the balance date by 10%</i>	593	1,203
<i>If the Brent Average price were lower at the balance date by 10%</i>	(593)	(1,203)

c) Interest rate risk

The Group has no borrowings at 30 June 2014 (2013: \$ 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 \$39,506,670 (2013: \$41,766,000).

	Impact on after tax profit	
	2014 \$'000	2013 \$'000
<i>If the interest rate were 1% rate higher at the balance date</i>	44	80
<i>If the interest rate were 1% rate lower at the balance date</i>	(39)	(80)

Credit risk

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

The Group 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 weekly basis including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

Trade and other payables amounting to \$12,896,000 (2013: \$11,845,000) 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 BMG 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.

Notes to the Financial Statements

For the year ended 30 June 2014

19. Financial risk management objectives and policies continued

Share price risk

Share price risk arises from the movement of share prices on a prescribed stock exchange. The Group has available for sale investments the fair value of which fluctuates as a result of movement in the share price.

	Impact on available for sale investment reserve		Impact on profit before tax	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>If the share price were 10% higher at the balance date</i>	2,604	1,958	-	-
<i>If the share price were 10% lower at the balance date</i>	-	-	(2,604)	(1,958)

20. Commitments and contingencies

	Consolidated 2014 \$'000	2013 \$'000
Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:		
Within one year	277	312
After one year but not more than five years	778	2,058
After more than five years	-	-
Total minimum lease payments	1,055	2,370
The Parent entity leases a suite of offices in Adelaide from which it conducts its operations. The lease is for a further four years with an option to renew after that date.		
Exploration capital commitments not provided in the financial statements and payable:		
Within one year	11,742	32,057
After one year but not more than five years	19,228	39,161
After more than five years	-	-
Total minimum lease payments	30,970	71,218

As at 30 June 2014 the Parent entity has bank guarantees for \$4,520,000 (2013: \$4,454,000). These guarantees are in relation to performance bonds on exploration permits, security on the Company's MasterCard facilities and guarantees on office leases.

Notes to the Financial Statements

For the year ended 30 June 2014

21. 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	
			2014	2013
a) Joint Arrangements in which Cooper Energy Limited is the operator/manager				
Australia				
PEL 186	Oil and gas exploration		33.33%	33.33%
VIC/L26	Oil and gas exploration and production		65%	-
VIC/L27	Oil and gas exploration and production		65%	-
VIC/L28	Oil and gas exploration and production		65%	-
Indonesia				
Sukananti KSO	Oil and gas exploration and production		55%	55%
Sumbagsel PSC	Oil and gas exploration		100%	100%
Merangin III PSC	Oil and gas exploration		100%	100%
Tunisia				
Bargou Exploration Permit	Oil and gas exploration		30%	30%
Nabeul Exploration Permit	Oil and gas exploration		85%	85%
b) Joint Arrangements in which Cooper Energy Limited is not the operator/manager				
Australia				
PEL 90	Oil and gas exploration		25%	25%
PEL 93	Oil and gas exploration		30%	30%
PEL 100	Oil and gas exploration		19.167%	19.167%
PEL 110	Oil and gas exploration		20%	20%
PEL 494	Oil and gas exploration		30%	-
PEL 495	Oil and gas exploration		30%	65%
PEP 150	Oil and gas exploration		20%	20%
PEP 168	Oil and gas exploration		50%	50%
PEP 171	Oil and gas exploration		25%	25%
PEP 151	Oil and gas exploration		75%	75%
PPL 207	Oil and gas exploration and production		30%	30%
PRL 32	Oil and gas exploration		30%	-
PRL 85-104* (Formerly PEL 92)	Oil and gas exploration and production		25%	25%
Tunisia				
Hammamet Exploration Permit	Oil and gas exploration		35%	35%
Poland				
MUA 1 & 2	Oil and gas exploration		-	40%

*Includes associated PPL's

Notes to the Financial Statements

For the year ended 30 June 2014

22. Related parties

The Group has a related party relationship with its subsidiaries, joint arrangements (see note 21) 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 Director's	Executive Director
Mr J Conde AO (<i>Chairman</i>)	Mr D. Maxwell
Mr J. Schneider	Mr H. Gordon
Ms A. Williams (Appointed 28 August 2013)	
Mr L. Shervington (Resigned 7 November 2013)	
Executives at year end	
Mr J. de Ross (<i>Chief Financial Officer and Company Secretary – appointed as Company Secretary 25 November 2013</i>)	
Ms A. Evans (<i>Legal and Company Secretary</i>)	
Mr I. MacDougall (<i>Operations Manager – appointed 1 February 2014</i>)	
Mr A. Thomas (<i>Exploration Manager</i>)	

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

	Consolidated	
	2014	2013
	\$	\$
Short-term benefits	3,149,451	3,369,720
Long-term benefits	-	36,470
Post-employment benefits	123,832	108,348
Performance Rights	799,626	506,843
Early Termination payments	-	571,860
Total	4,072,909	4,593,241

Notes to the Financial Statements

For the year ended 30 June 2014

22. 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	
		2014 %	2013 %
Cooper Energy Indonesia Limited	British Virgin Islands	100%	100%
Cooper Energy Sukananti Limited	British Virgin Islands	100%	100%
Cooper Energy Sumbagsel Limited	British Virgin Islands	100%	100%
Cooper Energy Merangin III Limited	British Virgin Islands	100%	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	100%	100%
Worrior (PPL 207) Pty Ltd	Australia	100%	100%
CE Poland Pty Ltd	Australia	100%	100%
Somerton Energy Limited	Australia	100%	100%
Essential Petroleum Exploration Pty Ltd	Australia	100%	100%
CE Poland Coopertief UA	Netherlands	99%	99%
CE Polska sp z.o.o.	Poland	100%	100%

Joint arrangements

During the reporting period, the Group provided geological and technical services to joint arrangements it manages at a cost of \$1,929,000 (2013: \$1,772,000). At the end of the financial period, \$1,004,000 was outstanding for these services (2013: \$614,000).

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

Notes to the Financial Statements

For the year ended 30 June 2014

23. Share based payment plans

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

During the financial year, issues were made on November 2013 and April 2014. The performance rights were issued for no consideration. The right extends to the holder the right to be vested with shares in the parent entity.

Vesting 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.

The vesting test is two parts. Up to 25% of the eligible rights to vest 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 rights 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 (cents)	Average contractual life of rights at grant date in years	Remaining life of rights in years
1 July 2012	597,583	\$0.365	3	1
2 August 2012	252,980	\$0.437	3	1
10 December 2012	5,172,342	\$0.574	3	2
31 May 2013	267,607	\$0.471	3	2
6 November 2013	6,581,999	\$0.405	3	3
28 April 2014	312,033	\$0.510	3	3

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

	Number of rights 2014	Number of rights 2013
Balance at beginning of year	8,561,370	5,855,831
- granted	6,894,032	6,290,512
- vested	(135,588)	(405,667)
- expired and not exercised	-	-
- forfeited following employee resignation	(571,811)	(3,179,306)
Balance at end of year	14,748,003	8,561,370
Achieved at end of year	1,704,527	nil

Notes to the Financial Statements

For the year ended 30 June 2014

23. Share based payment plans continued

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 July 2012
Fair value at measurement date	26.1 cents

Share price	36.5 cents
Risk free interest rate	3.27%
Expected volatility	40%
Dividend yield	0%

<i>Fair value assumptions</i>	2 August 2012
Fair value at measurement date	40.6 cents

Share price	48.5 cents
Risk free interest rate	2.65%
Expected volatility	42%
Dividend yield	0%

<i>Fair value assumptions</i>	10 December 2012
Fair value at measurement date	45.8 cents

Share price	58.5 cents
Risk free interest rate	2.64%
Expected volatility	43%
Dividend yield	0%

<i>Fair value assumptions</i>	31 May 2013
Fair value at measurement date	24.9 cents

Share price	38 cents
Risk free interest rate	2.59%
Expected volatility	44%
Dividend yield	0%

<i>Fair value assumptions</i>	6 November 2013
Fair value at measurement date	31.2 cents

Share price	40.5 cents
Risk free interest rate	2.82%
Expected volatility	48%
Dividend yield	0%

Notes to the Financial Statements

For the year ended 30 June 2014

23. Share based payment plans continued

Fair value assumptions

28 April 2014

Fair value at measurement date	36.0 cents
Share price	51.0 cents
Risk free interest rate	2.72%
Expected volatility	49%
Dividend yield	0%

24. Auditors remuneration

	Consolidated	
	2014 \$	2013 \$
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	201,220	184,427
Other services	-	-
	201,220	184,427
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	-	-
	201,220	184,427

25. Parent entity information

	Parent Entity	
Information relating to Cooper Energy Limited	2014 \$'000	2013 \$'000
Current Assets	54,535	60,804
Total Assets	240,278	161,140
Current Liabilities	12,961	9,773
Total Liabilities	72,339	22,030
Issued capital	114,625	114,570
Retained profits	45,168	24,144
Option premium reserve	25	25
Unrealised (loss)/gain on available for sale financial assets	3,141	(3,381)
Share based payment reserve	4,980	3,752
Total shareholders' equity	167,939	139,110
Profit/(loss) of the parent entity	21,024	451
Total comprehensive income/(loss) of the parent entity	6,522	(2,930)

Commitments and Contingencies

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

Within one year	277	312
After one year but not more than five years	778	2,058
After more than five years	-	-
Total minimum lease payments	1,055	2,370

Notes to the Financial Statements

For the year ended 30 June 2014

26. Events after the reporting period

Edward Glavas was appointed as the Commercial and Business Development Manager on 4 August 2014.

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 2014 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 2014.

Signed in accordance with a resolution of the Directors.



Mr John C. Conde AO
Chairman

18 August 2014



Mr David P. Maxwell
Director

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

Report on the financial report

We have audited the accompanying financial report of Cooper Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

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

Opinion

In our opinion:

- a. the financial report of Cooper Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 12 to 24 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Cooper Energy Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



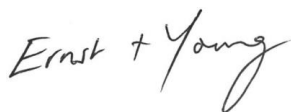
Ernst & Young



T S Hammond
Partner
Adelaide
18 August 2014

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

In relation to our audit of the financial report of Cooper Energy Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



T S Hammond
Partner
Adelaide
18 August 2014

Directors

John CONDE AO (Chairman)
David MAXWELL
Jeffery SCHNEIDER
Hector GORDON
Alice WILLIAMS (appointed 28 August 2013)

Company Secretary

Alison EVANS
Jason de ROSS (appointed 25 November 2013)

Registered Office and Business Address

Level 10, 60 Waymouth Street
Adelaide, South Australia 5000

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

Auditors

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

Solicitors

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

Bankers

Westpac Banking Corporation
Level 18, 91 King William Street
Adelaide, South Australia, 5000

National Australia Bank Limited
Level 2, 22 King William Street
Adelaide, South Australia, 5000

Commonwealth Bank of Australia
Level 8, 100 King William Street
Adelaide, South Australia, 5000

Citibank N.A.
2 Park Street
Sydney, New South Wales 2000

Share Registry

Computershare Investor Services Pty Limited
Level 5
115 Grenfell Street
Adelaide, South Australia, 5000