Cooper Energy

Annual Report 2012

ABN 93 096 170 295

CORPORATE DIRECTORY

DIRECTORS
Laurence J. SHERVINGTON (Chairman)
David P. MAXWELL
Jeffery W. SCHNEIDER
Hector M. GORDON

COMPANY SECRETARY
Ian E. GREGORY

REGISTERED OFFICE & BUSINESS ADDRESS
288-292 Churchill Avenue
Subiaco, Western Australia 6008

PO Box 1281, Subiaco,
Western Australia 6904

Telephone: + 618 9489 3777
Facsimile: + 618 9489 3799
E-mail: admin@cooperenergy.com.au
Website: www.cooperenergy.com.au

AUDITORS
Ernst & Young
11 Mounts Bay Road
Perth, Western Australia 6000

SOLICITORS
Squire Sanders
Level 21, 300 Murray Street
Perth WA 6000

BANKERS
National Australia Bank Limited
Level 1, 88 High Street
Fremantle, Western Australia 6160

Commonwealth Bank of Australia
Level 3,150 St George's Terrace
Perth, Western Australia 6000

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

SHARE REGISTRY
Computershare Investor Services
Pty Limited
Level 2
Reserve Bank Building
45 St George's Terrace
Perth, Western Australia 6000

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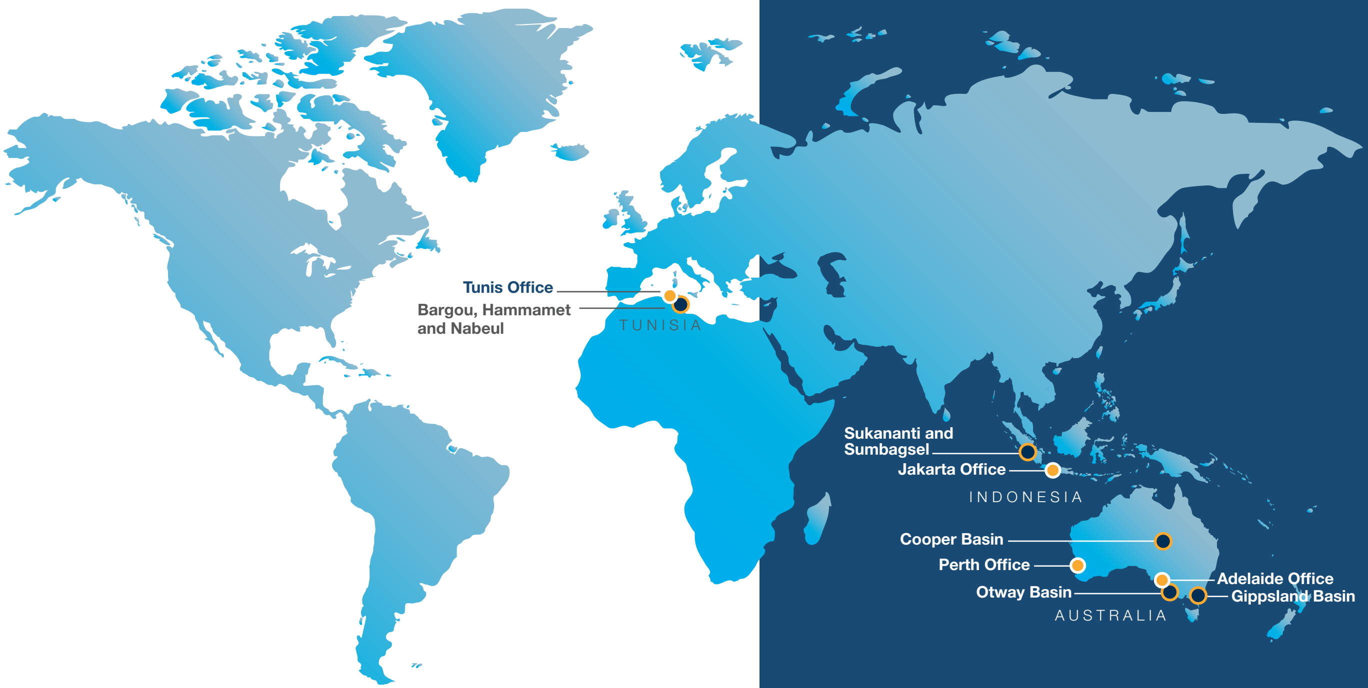


Tunis Office
Bargou, Hammamet and Nabeul
TUNISIA
Sukananti and Sumbagsel
Jakarta Office
INDONESIA
Cooper Basin
Perth Office
Otway Basin
Adelaide Office
Gippsland Basin
AUSTRALIA

CHAIRMAN'S **LETTER**

Dear Shareholders,

The 2012 financial year has been a period of significant change and transition for Cooper Energy. It is very pleasing to advise that the firm decisions taken by the Board of Directors regarding organisation and strategy are now being reflected in material improvements in the financial performance of your company.

Total oil production for the year was 517,186 barrels (FY11: 406,710) from the Cooper Basin, South Australia and Indonesia which delivered total sales revenue of $59.61 million (FY11: $39.12 million). The resultant cash flow funded the ongoing exploration and production activities primarily in Australia, Tunisia and Indonesia.

After funding all our activities the Company generated net profit after tax before abnormal events of $15.76 million (FY: $11.73 million). For a company the size of Cooper Energy this is a very pleasing result and illustrates the strength of the key Cooper Basin production assets.

There was a write off for unsuccessful exploration and the impairment of assets of $19.61 million (FY11: $22.08 million). This write off was attributable mainly to exploration assets in Poland and Indonesia. With the introduction of the Australian Commonwealth Government Petroleum Resources Rent Tax (PRRT) from 1 July 2012 there has been the need to recognise the deferred tax asset attributable to the PEL 92 permit in the Cooper Basin, South Australia of $12.23 million. The consequent net profit after impairment and taxation is $8.38 million (FY11: loss of $10.35 million).

Following a review of the Company's strategy and future plans the Board made a number of important changes. These changes were advised in my Chairman's letter included in the 2011 Annual Report and included:

- the appointment of David Maxwell as the Managing Director from 12 October 2011;
- the resignation of three directors (Gregory Hancock, Stephen Abbott and Christopher Porter) in October, 2011;
- the appointment of Jeffrey Schneider as a new non executive director in October 2011; and
- the plan to focus on developing and growing the very good Australia and Tunisia assets and reducing international exploration expenditure.

The 2011 Annual General Meeting held in December 2011 voted 39.6% against the 2011 Remuneration Report. This was very soon after the proposed changes were announced and at a time when some shareholders were seeking changes in the Company. The directors have taken account of the views of shareholders and very carefully ensured that the plans and activities are fit for purpose and deliver a solid foundation for medium and long term success. It is this careful and considered evaluation which led to the changes announced in October 2011 and we now see the benefits flowing through to the financial results.

I encourage all shareholders to vote in support of the 2012 Remuneration Report at the 2012 Annual General Meeting.

The directors, management and staff remuneration levels have been benchmarked against industry peers and the remuneration of all staff and management is now closely linked to the delivery of plans and shareholder returns. Consistent with this approach to effective cost management the Board has also announced the decision to move the Head Office of the Company from Perth to Adelaide. Whilst this decision has a personal impact on many staff and management it is most definitely the right decision for the future of the Company and importantly the shareholders.

In May 2012 an off market offer to acquire Somerton Energy Limited was announced. The acquisition of Somerton Energy was concluded in July 2012 and materially increases the oil and gas exploration opportunities available from the onshore Otway Basin, South Australia and Victoria. The Somerton Energy acquisition is very consistent with the plans announced in October 2011 and the core strengths of Cooper Energy.

Following the acquisition of Somerton Energy Hector Gordon was appointed to the Company's Board as Executive Director - Exploration and Production. Hector Gordon brings a wealth of very relevant valuable technical experience to both the management and Board of Cooper Energy.

At the 2011 Annual General Meeting I advised my intention to stand aside as Chairman once the proposed changes had been implemented.
As recently announced, the Company is in the process of recruiting a new Non-Executive Chairman who will be ideally suited to lead the Board of Directors through the next and important phase of your Company's growth.

The Board will continue to strive to apply high standards and best practice to all Board processes, corporate and financial governance and clear and continuous disclosure.

Whilst the past year has been a period of transition and change, my fellow directors and I are firmly of the view that these changes will help ensure the future prosperity and growth of Cooper Energy.

As outlined in the Managing Director's review the Company has a very busy year ahead. We look forward to Cooper Energy continuing to improve performance and returns for the shareholders.

I thank my fellow directors, management and staff of Cooper Energy for their contributions and effort over the past year.

On behalf of the Board I also thank all shareholders for their ongoing support and encouragement during the year.

Mr Laurie Shervington
Chairman
September 2012

Cooper Energy

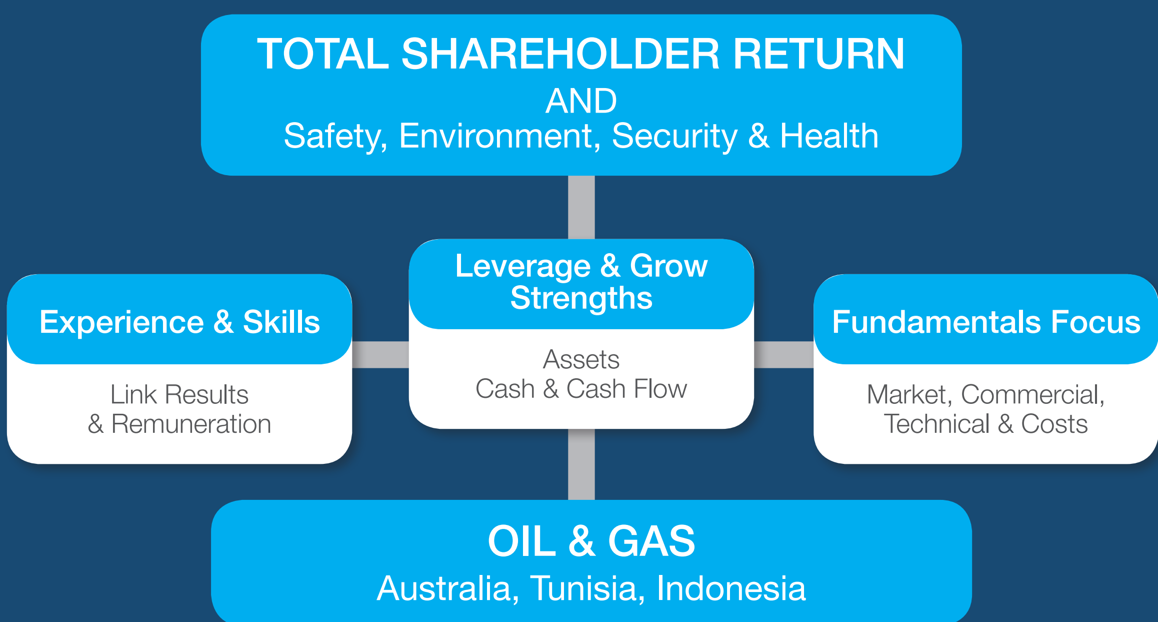
MANAGING DIRECTOR'S REPORT

I am pleased to have the opportunity to reflect on the performance of Cooper Energy over the past twelve months and comment on the outlook and plans for the 2013 financial year.

Since October 2011 when I was appointed Managing Director the decisions made and plans pursued have all been with the objectives of delivering the best sustainable shareholder return AND taking account of safety, the environment, security and health.

Our business and strategy can be simply described in the diagram illustrated below. The approach being pursued is to leverage and grow the strengths of the Company, which include a very sound cash and cash flow position, with the management experience and capabilities. The purpose is to build value in the geographic areas where we already have competitive strengths – Australia and Tunisia in particular and Indonesia. The strategy includes a clear focus on the key fundamentals of the oil and gas business – cost, technical, market and commercial.

FIGURE 1



The consequence of implementing this business strategy is a significant reduction in capital expenditure on international exploration and an increased focus and investment in Australia – and in particular Australian opportunities consistent with Cooper Energy's key assets and capabilities.

The very sound financial results of the Australian business in the 2011/12 year illustrate the strength of the key Cooper Basin assets and the merits of the strategy being pursued. We will continue with this approach and only develop opportunities that meet acceptable cost and return criteria.

The description below of the Cooper Energy assets and activities has been kept appropriately brief. Investors are encouraged to use the Cooper Energy website (www.cooperenergy.com.au) to keep up to date with the Company's assets, activities and plans.

The exploration and development plans for the 2012/13 year are directed to building the Company's oil and gas reserves and resources, increasing the size of the exploration portfolio consistent with the strategy and increasing the number and size of the lower risk opportunities.

Cooper Basin

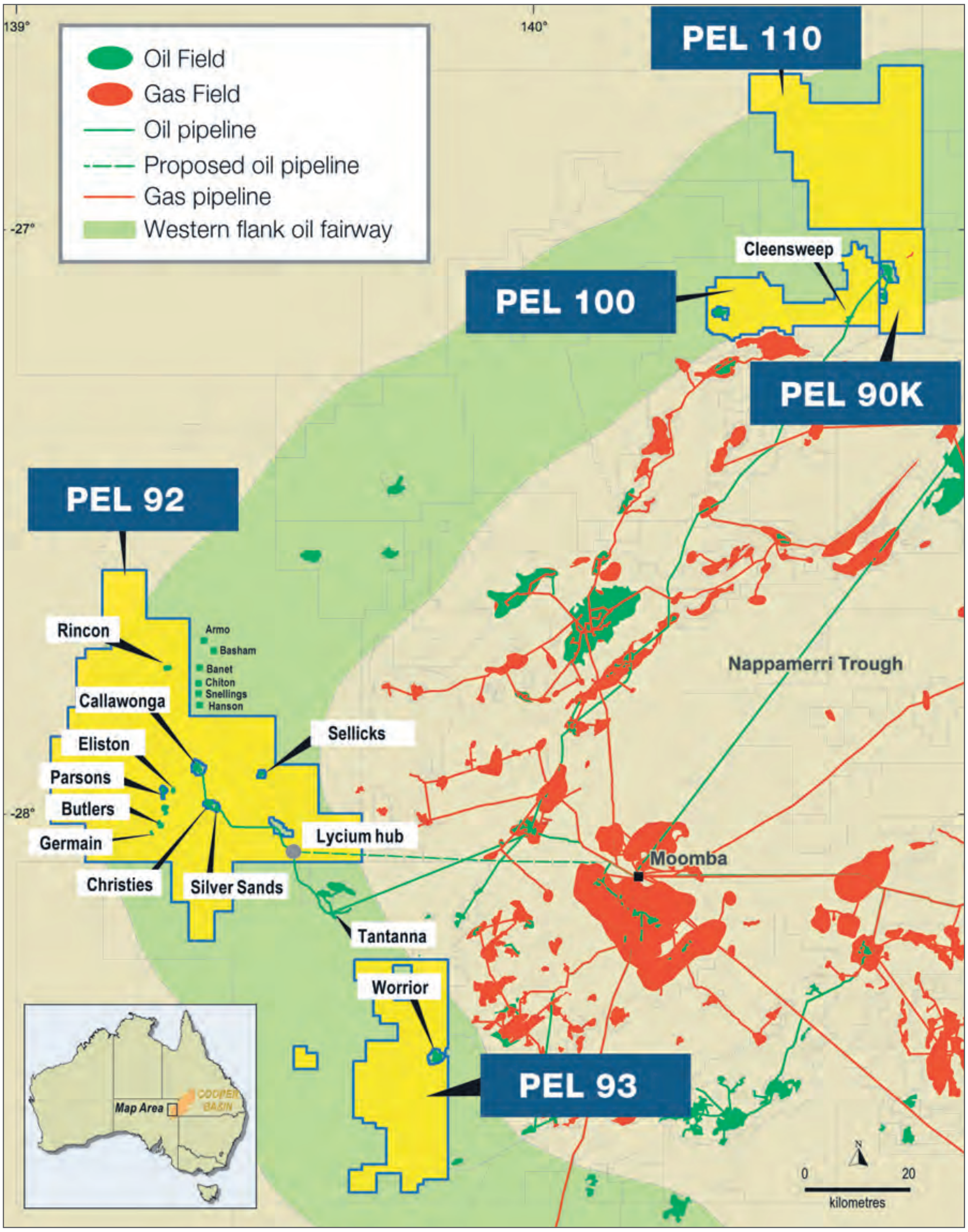
The 2011/12 oil production from the Cooper Basin of 501,012 barrels is a 26%% increase on the 2010/11 year of 398,859 barrels. Cooper Basin oil production was interrupted during the year due to weather and oil pipeline integrity issues. In May 2012 the operator of the Tantanna to Gidgealpa oil pipeline advised that the pipeline will stop operation due to integrity concerns and the pipeline stopped operating from 1 June 2012. A new pipeline is being constructed from Lycium to Moomba and it is planned that this new pipeline will transport oil production from PEL92 to Moomba. It is anticipated that the new pipeline will commence operating within December 2012. Until the new Lycium to Moomba pipeline is operating oil is being transported primarily by road tanker to Moomba. As a consequence of these oil transport plans it is anticipated oil production will be lower in the first half of the 2012/13 year and then significantly increase in the second half of the 2012/13 year. The total Cooper Basin oil production (Cooper Energy share) anticipated for the 2012/13 year is 525,000 barrels.

In 2011/12 the Company participated in the drilling of 11 wells in the Cooper Basin – all in PEL92. This exploration program resulted in 3 new discoveries [Rincon, Elliston and Germein] and 4 successful appraisal/development wells.

The objective of the 2012/13 Cooper Basin exploration plan is to at least maintain oil production levels, appraise recent discoveries and mature new prospects and leads for drilling in later years.

FIGURE 2

COOPER BASIN



Otway Basin

The Company's Otway Basis acreage has significantly increased from 1 license of 793km^2 to now include 6 licences and totalling 8,350km^2 following the acquisition of Somerton Energy Limited in June 2012.

Cooper Energy is now very well placed to evaluate and explore the valuable conventional and unconventional gas and oil opportunities in the onshore Otway Basin. If successful the Otway Basin portfolio will be very competitive from a cost perspective and therefore is a potentially very valuable opportunity for the company.

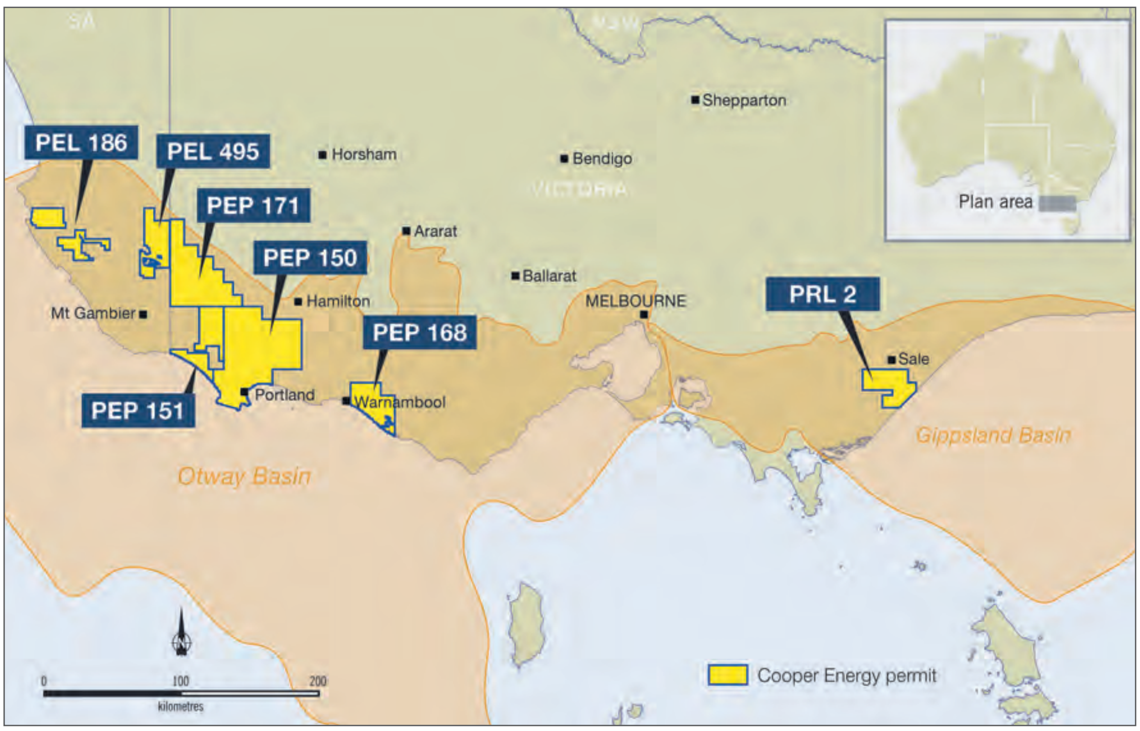
In the 2012/13 year the plan is to drill 2 onshore Otway Basin wells to evaluate both conventional and unconventional opportunities and further analyse the Casterton Formation unconventional oil and gas play.

Gippsland Basin

As a part of the Somerton Energy acquisition Cooper Energy acquired the right to participate in PRL2 in the onshore Gippsland Basin.

In August and September 2012 Cooper Energy also acquired an interest in Bass Strait Oil Limited which increased the Company's interest in Bass Strait Oil to 19.9%. The key Bass Strait Oil assets include undeveloped gas resources and exploration opportunities in the Gippsland Basin. The opportunity to develop the Bass Strait Oil gas assets for supply into the rapidly growing Eastern Australia gas market will be investigated.

OTWAY AND GIPPSLAND BASIN



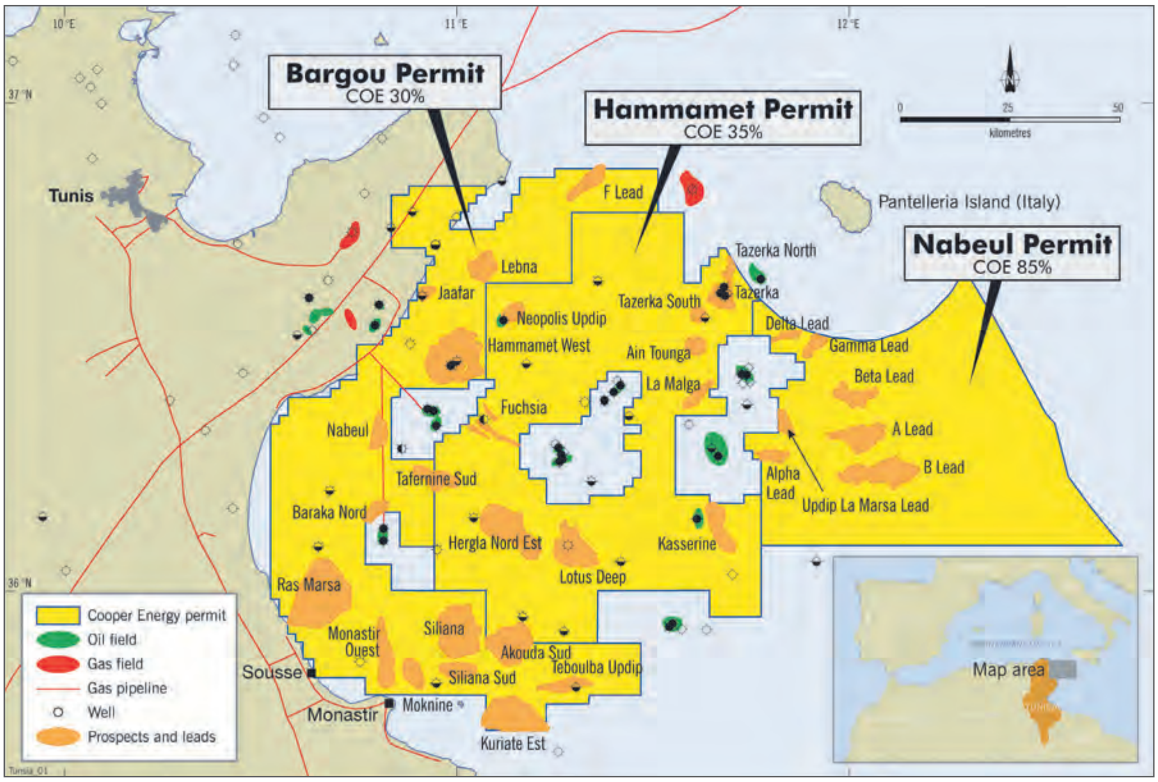
Tunisia

Since 2006 Cooper Energy has built a valuable position offshore Tunisia in the Gulf of Hammamet in the Mediterranean Sea. The Cooper Energy licenses surround existing production and undeveloped oil and gas fields and include a range of valuable prospects and leads.

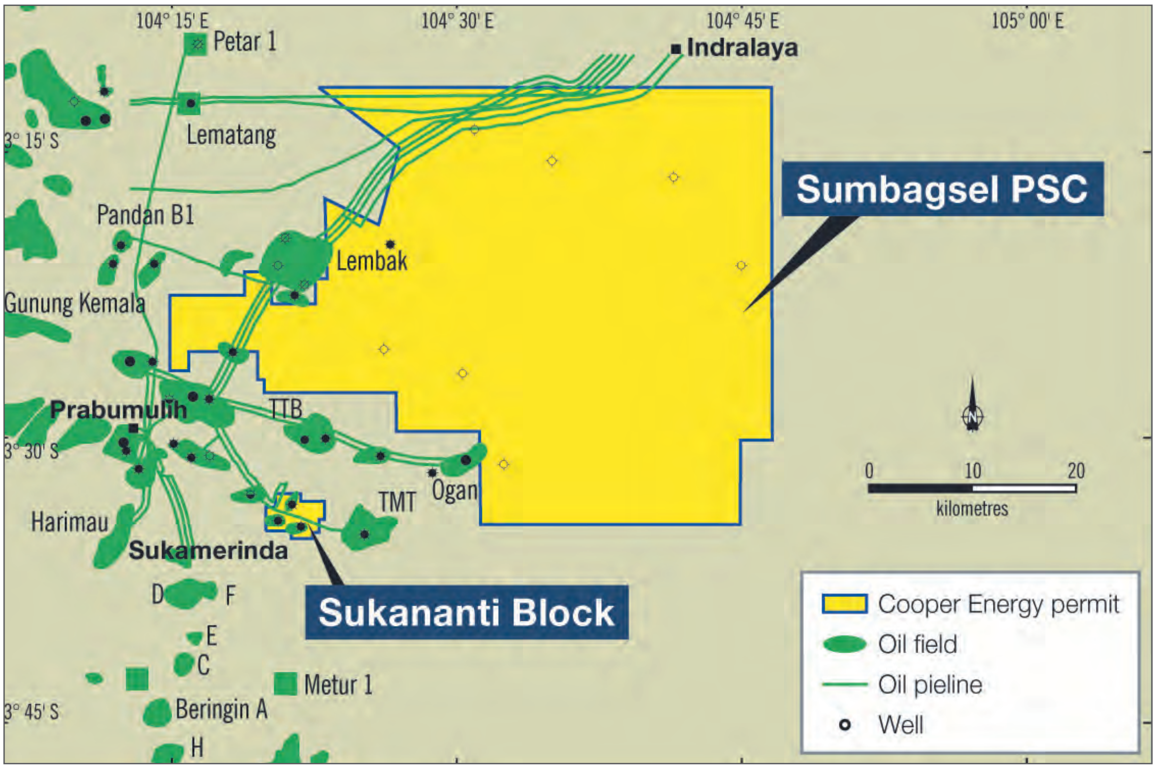
Consistent with the strategy outlined above in October 2011 the farmout of 55% of the Bargou exploration permit to Dragon Oil (Holdings) Ltd was announced. This farmout together with a farm-out to Jacka Resources Limited announced in September 2010 means that Cooper Energy is fully funded by others up to US$26.6 million for the Hammamet West-3 well, which is to be drilled to appraise an existing oil discovery in the current financial year.

In addition to the Hammamet West-3 well the Company will further evaluate and prioritise other exploration opportunities in the Tunisia licences. This will include plans to farm-out an interest in the prospective Nabeul exploration permit following the interpretation of the 600 km^2 3D offshore seismic survey acquired in November 2011.

TUNISIA



INDONESIA



SOUTH EAST ASIA

Indonesia

In Indonesia Cooper Energy focussed on establishing stable production and cash flow to fund opportunities to increase production and reserves. It is pleasing that since January 2012 this objective has been achieved.

During the 2012/13 year the focus will continue on growing the stable production and cash flow base from the existing licenses and pursuing the best exploration opportunities to add further reserves.

Cooper Energy Staff

As explained in the Chairman's letter to shareholders at the front of this report the decision has been made to relocate the Head Office from Perth to Adelaide from December 2012. This decision is consistent with the strategy and locates the company and staff closer to the current key assets, joint venture parties, governments and importantly prospective customers. Unfortunately such decisions also have an impact on many staff. I thank all staff for the approach taken to the changes that have been announced.

I welcome the new staff joining Cooper Energy in 2012 and look forward to working closely with them all to add value for our shareholders.

Health, safety and the environment (HSE) continues to be a high priority for the company and no significant HSE incidents occurred through the year.

Company Performance

The Board and management of Cooper Energy monitor several key performance indicators in order to provide a relative measure of our Company's health and growth. A table of those relevant measures is shown below.

Key Performance Indicators

	Units	FY08	FY09	FY10	FY11	FY12	FY11 to FY12 change			
OPERATIONAL							1 year performance			
Wells drilled	number	11	7	4	11	11	0%	►		
Exploration success rate	percent	40%	60%	0%	0%	50%	100%	▲		
Cumalative success rate	percent	21%	26%	24%	20%	29%	57%	▲		
Annual production sales	barrels of oil	380,135	487,254	465,012	406,710	517,186	27%	▲		
Proved plus Probable Recoverable Oil	million barrels	1.444	1.912	2.000	2.472	1,880	-24%	▼		
FINANCIAL							1 year performance			
Oil sales revenue	A$ millions	45.014	41.647	40.030	39.121	59.606	52%	▲		
Cash	A$ millions	64.609	93.437	92.273	51.891	59.010	14%	▲		
Working capital	A$ millions	73.600	96.465	95.443	79.520	55.384	-30%	▼		
EBITDAX	A$ millions	27.300	25.700	21.260	17.904	28.546	59%	▲		
EBITDA	A$ millions	15.700	5.200	7.963	-5.616	26.797	577%	▲		
Profit before tax	A$ millions	15.300	5.041	7.221	-5.488	21.006	483%	▲		
Profit after tax	A$ millions	6.400	-2.816	1.247	-10.349	8.381	181%	▲		
Accumulated profit	A$ millions	25.966	23.150	24.428	14.079	22.460	60%	▲		
Franking credits	A$ millions	3.100	8.402	8.025	5.657	5.587	-1%	▼		
Cumulative franking credits	A$ millions	9.300	17.702	25.727	31.384	36.971	18%	▲		
CAPITAL							1 year performance		5 year performance	
Share price	A$ per share	0.465	0.450	0.370	0.360	0.450	25%	▲	-3%	▼
Issued shares	millions	252.263	291.926	292.576	292.576	327.329	12%	▲	30%	▲
Market capitalisation	A$ millions	117.302	131.367	108.253	105.327	147.298	40%	▲	26%	▲

Portfolio Management

A key element of the Cooper Energy strategy is to grow and add value in the existing areas of operations by business development, farm-in and acquisition. The Company will continue to evaluate opportunities and where possible pursue the opportunities which can add value and increase total shareholder return.

The implementation of the strategy illustrated in Figure 1 earlier in this report has meant that the Cooper Energy interest in Romania and Poland and pursuit of other international new ventures was not consistent with the portfolio. Accordingly the Company has exited these assets and activities during 2011/12.

Cooper Energy Exploration & Production Tenements

Region	Tenement	Location	Interest	Location	Area (km^2)	Area (acres)
AUSTRALIA						
	PPL 204 (Sellicks)	Cooper Basin (S.A.)	25%	Onshore	2.0	494
	PPL 205 (Christies/Silversands)	Cooper Basin (S.A.)	25%	Onshore	4.3	7,063
	PPL 207 (Worrior)	Cooper Basin (S.A.)	30%	Onshore	6.4	1,581
	PPL 220 (Callawonga)	Cooper Basin (S.A.)	25%	Onshore	5.6	1,384
	PPL 224 (Parsons)	Cooper Basin (S.A.)	25%	Onshore	1.8	447
	PEL 90 (Kiwi sub-block)	Cooper Basin (S.A.)	25%	Onshore	145.4	35,929
	PEL 92	Cooper Basin (S.A.)	25%	Onshore	1,900.9	469,723
	PEL 93	Cooper Basin (S.A.)	30%	Onshore	623.3	154,021
	PEL 100	Cooper Basin (S.A.)	19.17%	Onshore	297.6	73,539
	PEL 110	Cooper Basin (S.A.)	20%	Onshore	730.0	180,387
	PRL 2	Gippsland Basin (VIC.)	earning up to16.7%	Onshore	687.1	169,786
	PEL 186	Otway Basin (S.A)	33%	Onshore	709.0	175,198
	PEL 495	Otway Basin (S.A.)	65%	Onshore	792.3	195,782
	PEP 150	Otway Basin (VIC.)	20%	Onshore	3,253.3	803,908
	PEP 151	Otway Basin (VIC.)	75%	Onshore	863.9	213,474
	PEP 168	Otway Basin (VIC.)	50%	Onshore	772.3	190,839
	PEP 171	Otway Basin (VIC.)	25%	Onshore	1,961.7	484,747
INDONESIA						
	Sukananti KSO	South Sumatra	55%	Onshore	18	4,448
	Sumbagsel PSC	South Sumatra	100%	Onshore	1,753	433,176
TUNISIA						
	Bargou	Gulf of Hammamet	30%	Offshore	4,616	1,140,638
	Hammamet	Gulf of Hammamet	35%	Offshore	4,676	1,155,465
	Nabeul	Gulf of Hammamet	85%	Offshore	3,352	828,297
POLAND						
	MUA2 (414, 415)*	Southern Carpathians	40%	Onshore	559	138,132

*On 22 August 2012, a controlled subsidiary withdrew from Licence Blocks 433, 434, 435 & 455 in Contracts MUA 1 & MUA 3.

Community Support

Cooper Energy is fortunate in that the Company is fully funded and able to pursue our primary objectives. Many in the broader community do not have the benefit of such organisations support and funding. These non-profit organisations have goals and objectives that are targeted towards the betterment of society and they are commonly supported by donations and the efforts of volunteers who give their time, energy and compassion.

Cooper Energy each year provides a small amount of funding to a number of organisations so that we can assist them to meet their goals and objectives.

The organisations that Cooper Energy has historically and currently is very pleased to support are as follows:

ASTHMA FOUNDATION WA
www.asthmawa.org.au

MAKE A WISH FOUNDATION
www.makeawish.org.au

PRINCESS MARGARET HOSPITAL FOUNDATION
www.pmhfounndation.com

THE ROYAL FLYING DOCTOR SERVICE
www.flyingdoctor.net

THE ROYAL SOCIETY FOR THE PROTECTION OF CRUELTY TO ANIMALS
www.rspca.org.au

THE SMITH FAMILY
www.thesmithfamily.com.au

SURF LIFESAVING AUSTRALIA
www.slsa.com.au

STARLIGHT CHILDREN'S FOUNDATION
www.starlight.org.au

TELETHON SPEECH AND HEARING CENTRE
www.speechandhearing.org.au

WA SPECIAL CHILDREN'S CHRISTMAS PARTY

Cooper Energy

Cooper Energy Limited and
its controlled entities

Financial Report

For the year ended 30 June 2012
ABN 93 096 170 295

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Directors' Statutory Report

For the year ended 30 June 2012

The Directors present their report together with the consolidated financial report of the Group, being Cooper Energy Limited (the "parent entity") and its controlled entities, for the financial year ended 30 June 2012, and the independent auditor's report thereon.

1. Directors

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

Name, qualifications and independent status	Age	Experience, special responsibilities and other directorships
Mr Laurence J. SHERVINGTON LLB, SA FIN, MAICD Chairman Non-Executive Director	69	Extensive commercial and corporate law experience. Mr. Shervington is a solicitor. Member of the Corporate Governance; Remuneration and Nomination and Audit Committees. Director since October 2003 and appointed Chairman in November 2004.
Mr Jeffrey W. SCHNEIDER B.Com Non-Executive Director	62	Extensive management experience in the oil and gas industry. Director of Green Rock Energy Limited and Comet Ridge Limited and past director of Strike Energy Limited (resigned August 2010). Chairman of the Audit and the Remuneration and Nomination Committees and member of the Corporate Governance Committee. Appointed on 12 October 2011.
Mr David P. MAXWELL M.Tech, FAICD Managing Director	59	Extensive management experience in the oil and gas industry. Appointed on 12 October 2011.
Mr Hector M. GORDON B.Sc. (Hons). FAICD Executive Director	57	Extensive geological and management experience in the oil and gas industry. Member of the American Association of Petroleum and the Society of Petroleum Engineers. Appointed on 26 June 2012.
Mr Gregory G. HANCOCK B.A. (Econs), B.Ed. (Honours), F.FIN	62	Extensive management and financial experience and a founding Director. Non-executive Chairman of Ausquest Limited and Director since October 2003. Director since March 2001 and Chairman until November 2004. Resigned on 12 October 2011.
Mr Christopher R. PORTER B.Sc. (Honours), M.Sc.,	72	Extensive petroleum geological experience and consultant to the industry. Member of the Corporate Governance and Remuneration and Nomination and Audit Committees. Director since January 2002. Resigned on 12 October 2011.
Mr Stephen H. ABBOTT FCPA	67	Extensive accounting and consulting career. Chairman of the Audit Committee and Member of the Remuneration and Nomination and the Corporate Governance Committees Director since September 2007. Resigned on 12 October 2011.
Mr Neil FEARIS Alternate Director to Chairman	61	Appointed as an alternate to Mr Shervington from 4 November 2011 to 18 March 2012.

2. Company Secretary

Mr Ian E. Gregory, 57, B.Bus., FCIS, FFIN, MAICD, was appointed to the position of Company Secretary in December 2005. Mr Gregory has acted as Company Secretary for the past 28 years for various listed and unlisted companies and currently consults on secretarial matters to a number of listed companies.

Mr Cathal Smith was appointed joint Company Secretary from 13 December 2011 to 19 March 2012.

3. Directors' Meetings

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

Director	Board Meetings		Audit Committee Meetings		Remuneration and Nomination Committee Meetings		Corporate Governance Committee Meetings	
	A	B	A	B	A	B	A	B
Mr L.J. Shervington	24	24	4	4	4	4	3	3
Mr D.P. Maxwell	21	21	-	-	-	-	-	-
Mr J.W. Schneider	20	21	3	3	4	4	3	3
Mr H.M. Gordon	1	1	-	-	-	-	-	-
Mr N. Fearis	-	10	-	-	-	-	-	-
Mr G.G. Hancock	3	3	-	-	-	-	-	-
Mr C.R. Porter	2	3	-	-	-	-	-	-
Mr S.H. Abbott	3	3	1	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

4. Corporate Governance Statement

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

5. Remuneration Report (Audited)

This report is presented in the following sections:

5.1 Introduction
5.2 Key Terms
5.3 Governance
5.4 Existing Remuneration Arrangements for Directors and Executives
5.5 Elements of Remuneration related to Performance
5.6 KMP Remuneration related to Performance

5.1 Introduction

The Directors of the Company have prepared this remuneration report to outline the overall remuneration strategy, policies and practices, which were applied by the Company for the twelve months to the 30 June 2012 and the application of the Performance Rights plan that was approved by the shareholders on 16 December 2011. The report has been prepared in accordance with Section 300A of the Corporations Act 2001 and its Regulations.

The Company's remuneration policy is designed to ensure that the level and form of compensation achieves certain objectives, including:

(a) Attract, motivate and retain highly skilled Directors and senior employees to pursue and deliver the Company's strategy and goals;
(b) Delivery of value-adding outcomes for the Company;
(c) Fair and reasonable reward for past individual and Company performance; and
(d) Incentive to deliver future individual and Company performance.

Remuneration consists of base salary, superannuation, short term incentives and long term incentives.

Remuneration is determined by reference to market conditions and performance. Performance is evaluated at an individual level as well as the performance of the Company as a whole.

In addition to the year-end annual review of remuneration, the Board obtained and used independent resource industry remuneration data in November 2011, May 2012 and June 2012 to determine market remuneration rates in relation to the oil and gas industry in Australia.

For the purposes of this report, Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the parent entity and the group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent entity.

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

Non-Executive Directors	Executive Directors
Mr L.J. Shervington (Chairman)	Mr D.P. Maxwell (Managing Director)[1]
Mr J.W. Schneider[1]	Mr H. M. Gordon[4]
N Fearis (Alternate Director)[3]	
Former Non-Executive Directors	**Former Executive Director**
Mr C.R. Porter[2]	Mr G.G. Hancock[2]
Mr S.H. Abbott[2]	

[1] Appointed 12 October 2011; [2] Resigned 12 October 2011;
[3] Appointed 4 November 2011 and resigned 19 March 2012; [4] Appointed 26 June 2012

Key Management Personnel during the year and at the report date	
Mr J.A. Baillie (Chief Financial Officer)	Mr Andrew D. Thomas (Exploration Manager) [5]
Mr A. Warton (Development Manager)	
Key Management Personnel who ceased employment during the year or since the year end	
Mr S.K. Twartz (Exploration Manager) [7]	Mr S.F. Blenkinsop (Legal and Commercial Manager) [8]
Mr M.T. Scott (Chief Operating Officer) [9]	

[5]1 July 2012; [7] 31 July 2012; [8] 5 July 2012; [9] 31 August 2011; respectively; Appointed

Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year.

5. Remuneration Report (Audited) (continued)

5.2 Key Terms

Throughout this remuneration report, the following terms have the meaning indicated below:

Directors denote the Managing Director, Executive Director and the Non-executive Directors.

Executives represents the Managing Director, Executive Director Exploration and Production and managers who report to the Managing Director.

Executive Directors denotes any Directors who are also Executives. For this report, the only Executive Directors were the Managing Director (Mr David Maxwell) and the Executive Director (Mr Hector Gordon).

Base Salary stands for fixed annual remuneration or base salary (including superannuation).

KPI stands for key performance indicators determined by the Board.

Key management personnel (KMP) is defined by those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

LTIP stands for long term incentive plan and which provides an incentive to deliver successful future Company shareholder value and performance.

STIP stands for short term incentive plan which provides a reward for successful individual and Company performance in the past year.

5.3 Governance

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee's role is to review and recommend remuneration for Non-executive Directors, the Executive Directors and senior employees. The Remuneration and Nomination Committee is also responsible for the review of remuneration policies and practices.

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior employees on at least an annual basis by reference to relevant employment market conditions and third party remuneration benchmark reports. The overall objective is to ensure shareholders benefit from the retention of a high quality Board and Executive team which is remunerated consistent with industry practises.

The ASX Listing Rules and the Constitution require that the maximum aggregate amount of remuneration to be allocated among the Non-executive Directors be approved by shareholders at the annual general meeting. The Remuneration and Nomination Committee takes account of the time demands made on Directors and such factors as fees paid to Non-executive Directors in comparable Australian Companies in proposing the maximum amount of compensation for approval by the shareholders and also in determining the allocation of the compensation. The latest determination was at the parent entity's Annual General Meeting held on 28 November 2006, when shareholders approved an aggregate remuneration of up to $325,000 per year.

From 12 October 2011 the Remuneration and Nomination Committee has consisted of two Non-executive Directors. Prior to 12 October 2011 the Remuneration and Nomination Committee was made up of three Non-executive Directors. The Committee meets formally at least once a year and has numerous informal meetings during the year. The Managing Director attends meetings on invitation.

Remuneration arrangements for Directors and Executives are reviewed by the Remuneration and Nominations Committee and recommended to the Board for approval. The Remuneration and Nominations Committee considers external information and may (and has) engage independent advisers to establish market benchmarks.

Remuneration arrangements are determined in conjunction with the annual review of the performance of Directors, Executives and employees of the Company. Performance of the Directors of the Company including the Managing Director are evaluated by the Board and assisted by the Remuneration and Nomination Committee. The Managing Director reviews the performance of Executives with the Remuneration and 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.

At the Annual General Meeting held in December 2011, the non binding votes cast against adopting the Remuneration Report, which formed part of the Annual Report for the year to 30 June 2011, exceeded twenty five percent.

The incoming Board following the change in its composition on 12 October 2011, as detailed in the Directors' Statutory Report, acknowledged the shareholders concerns and the need to provide greater transparency and accountability for the setting of base salaries, short and long term incentives and bonuses. Some of these actions were implemented after October 2011 but before the Annual General Meeting in December 2011 with the adopting by that same meeting of a Performance Rights Plan. In January 2012 a Short Term Incentive Plan was put in place, details of which are set out in the Remuneration Report.

The establishment of both a short and long term incentive plans was to draw a close and strong link between each employees total remuneration and their individual performance, the company's performance and total shareholder return measured against peer group companies.

The Remuneration Committee have engaged the services of Strategic Human Resources Pty Ltd ("SHR") to review all the policies and procedures for employees and bench mark existing salaries for all staff. This included the review and application of remuneration data sourced from National Rewards Group Inc and Godfrey Remuneration Group Pty Limited. SHR have continued to provide ongoing guidance for personnel management.

5.4 Existing Remuneration Arrangements for Directors and Executives

The reviews undertaken by National Rewards Group Inc and Godfrey Remuneration Group Pty Ltd were conducted independent of all Executive management and managed directly by the Chairman of the Remuneration Committee and SHR. The Board was satisfied that all recommendations were independent of Executive management influence.

Fees payable to SHR for services to the 30 June 2012 totalled $11,900 and Godfrey Remuneration Group Pty Ltd $3,400. Annual membership fees payable to National Rewards totalled $5,060.

Overview of Executive Remuneration Structure

The remuneration structure in place for the financial year was applied to all employees including Executive Directors and Executives of the Company.

The Company's remuneration structure has three elements set out below:

a) Base Salary;
b) STIP (Short Term Incentive Plan); and
c) LTIP (Long Term Incentive Plan).

5. Remuneration Report (Audited) (continued)

5.4 Existing Remuneration Arrangements for Directors and Executives (continued)

(a) Base Salary

Employees 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.

(b) Short Term Incentive Plan (STIP)

In January 2012 the Company implemented for all staff a revised new scorecard to measure the Company's short term performance (i.e. 1 year) with the focus on the core elements needed to successfully deliver the Cooper Energy strategy and plan and shareholder returns for all staff. Company performance against the scorecard is reported monthly to all staff and the scorecard is used as a key imput into the performance based remuneration.

The scorecard is based on those key business deliverables that will in combination drive the value of the enterprise. The Managing Director in conjunction with the Chairman of Remuneration and Nomination Committee jointly develops the draft scorecard for Board consideration. The deliverables are set no later than 30 September of each year. However, for the year end 30 June 2012 they were set in January 2012 when the scorecard was introduced.

For an oil and gas exploration and production company such as Cooper Energy oil and gas reserves and production are at the heart of the business and are therefore the key measures. Unless either production or reserves performance is above the threshold, no STIP payment will be made.

Other key items included in the scorecard each year are safety and environmental performance, delivery of company strategy, cost management and business conduct and relationships.

For each item in the scorecard a base or threshold level will be described as will a target, stretch target and super stretch target.

- Base or threshold is not going backwards against performance in the previous year and is the mimimum acceptable for that year.
- Target basis is solid steady growth or improvement.
- Stretch basis is doing better than target and consistent with leading peers.
- Super stretch basis is leading peers or best in class when compared to others.

Each item in the scorecard will be assigned a weighting.

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

The maximum STIP payment at various organisational levels are as follows:

- For the Managing Director the maximum STIP is 100% of Base Pay;
- For the Executive Director the maximum STIP is 75% of Base Pay;
- For nominated senior staff (e.g. direct reports to the Managing Director or the Executive Director) such as CFO, Exploration Manager maximum STIP is 50% of Base Pay;
- For all other staff the guideline is maximum STIP is 25% of base pay.

The level of "at risk" remuneration is at the discretion of the Board and will be reviewed annually by the Board.

- For the Managing Director the portion of the maximum STIP to be paid will be based entirely on company performance as assessed by the Board having close regard to the Company scorecard performance.
- For the Management Team (including the Executive Director) the portion of the maximum STIP to be paid will be based largely on company performance but also individual performance as assessed by the Board will also be taken into account.

Individual performance ratings will be as determined in staff performance reviews which will be 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.

A staff member must have been with the Company for 3 months to qualify for any STIP. If the staff member is with the Company for 3 months but less than the full year the STIP is pro-rata to the period of time with the Company as a full time employee.

If a staff member leaves the Company during a year (other than for retirement or due to redundancy) no STIP is payable. If the staff member retires or is made redundant then the STIP paid is pro-rata with the portion of the year worked full time.

Notwithstanding these guidelines the final STIP to be paid to each staff member will be at the discretion of the Board.

In the financial year 2012 the scorecard key performance indicators are as follows:-

STIP Performance Indicators	%
Quantitative and Financial	
Reserves	25
Production	25
Cost management	15
Non-Financial Measures	
Safety and environmental performance	15
Strategy development and implementation	10
Relationships with investors, partners and the Board	10

5. Remuneration Report (Audited) (continued)

5.4 Existing Remuneration Arrangements for Directors and Executives (continued)

(b) Short Term Incentive Plan (STIP) (continued)

A matrix demonstrating how STIP is calculated for staff other than the Managing Director and nominated senior staff is set out below. The score ranging from 0 to 1.0 is the portion of the maximum STIP payable for the staff member:-

	Company Scorecard (60%)			
Performance Rating (40%)	Threshold/Base (0)	Target (0.25)	Stretch (0.6)	Super Stretch (1.0)
Improvement needed in some areas (0)	0x0.4+ 0x0.6 =0	0x0.4+ 0.25x0.6 =0.15	0x0.4+ 0.6x0.6 =0.36	0x0.4+ 1x0.6 =0.6
Performed well in most areas (0.4)	0.4x0.4+ 0x0.6 =0.16	0.4x0.4+ 0.25x0.6 =0.31	0.4x0.4+ 0.6x0.6 =0.52	0.4x0.4+ 1x0.6 =0.76
Performed well & exceeded in some (0.63)	0.63x0.4+ 0x0.6 =0.25	0.63x0.4 + 0.25x0.6 =0.4	0.63x0.4+ 0.6x0.6 =0.61	0.63x0.4+ 1x0.6 =0.85
Exceeded in many areas (1.0)	1x0.4+ 0x0.6 = 0.4	1x0.4+ 0.25x0.6 =0.55	1x0.4+ 0.6x0.6 =0.76	1x0.4+ 1x0.6 =1.0

Irrespective of the scorecard outcome payment of any STIP is entirely at the discretion of the Board.

(c) Long Term Incentive Program (LTIP)

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

LTIP awards are made in the form of performance rights to shares which will 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.

The number of performance rights to be granted annually to each employee is calculated by the following formula:

Organisational Level Benchmark x Individuals Base Salary ÷ Share Price

Three maximum LTIP organisational benchmarks have been established as percentages on individual base salary. These three levels reflect the increased involvement of each level in pursuing and achieving the Company's goals. These benchmarks are set out in the following table.

Organisational Level	Managing Director	Management	Professional and Technical Support
Organisational level benchmark	120%	70%	30%

The share price calculation will use the 30 day volume-weighted average share price (VWAP) of the Company's shares immediately prior to the award date.

The Board has established an initial guideline that the total number of performance rights to be issued in each tranche is capped at 2% of the fully paid issued capital of the Company while the total number of performance rights on issue may not exceed 5% of the issued capital of the Company. In the event that the potential number of performance rights to be issued exceeds these caps then all potential awardees will receive a pro-rata reduced number of performance rights.

Each tranche of performance rights issued is divided into three portions and each portion is made up of two parcels for testing. Each portion is tested within 12, 24 and 36 months of the issue date of the performance rights.

Testing of each portion parcels is as follows:-

- 25% of the performance rights against the Company's absolute total shareholder return (ATSR) over the testing period.
- 75% of the performance rights against the Company's absolute total shareholder return (ATSR) to the total shareholder return (RTSR) over the testing period.

The ATSR is the absolute shareholder return calculated as the percentage difference between the relevant testing date VWAP and the award date.

The RTSR means the Company's ATSR measured against the peer group of 8 companies ATSR between the relevant testing date and the award date.

The ATSR and RTSR performance hurdles required to achieve vesting levels are as follows:-

Assess 25% of Rights measured against ATSR over the performance period	
ATSR	**Number of Performance Rights to be exercised**
Below 5%	No rights exercisable
Equal to 5%	25% of the rights
Equal to 15%	50% of the rights
Greater than 25%	100% of the rights

Assess 75% of Rights measured against relative percentile ranking of RTSR over the performance period	
RTSR	**Number of Performance Rights to be exercised**
Below 50%	No rights exercisable
Equal to 50%	50% of the rights
Greater than 75%	100% of the rights
Greater than 50% but below or equal to 75%	Pro rata 50% to 100%

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

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

5. Remuneration Report (Audited) (continued)

5.4 Existing Remuneration Arrangements for Directors and Executives (continued)

(c) Long Term Incentive Program (LTIP) (continued)

Vesting characteristics of the performance rights are as follows:

(i) Performance measurement period is annually tested over a three year period, which is consistent with the typical time cycle for an exploration program and the Company's strategic emphasis on exploration and growing the reserves base;
(ii) Performance is based on differences in ATSR and RTSR as measured from the commencement date to the end of the assessment period. The ATSR and RTSR use 30-day VWAP of the Company's shares immediately prior to the relevant testing date, and
(iii) RTSR will be assessed against a peer group of like companies determined by the Board before the start of each assessment period or as soon as practical thereafter.
(iv) The peer group for the performance rights issued in January 2012 is Beach Energy Limited; Acer Energy Limited; Senex Energy Limited; Drillsearch Energy Limited; Tap Oil Limited; Carnarvon Petroleum Limited; Cue Energy Resources Limited and Icon Energy Limited.

Accounting for Performance Rights on shares granted to executives and employees

The values of the performance rights are recognised as Share Based Payments in the statement of comprehensive income and amortised over the vesting period.

Performance rights were issued in January 2012 for no consideration and the KMP received no cash benefit at the time of receiving the rights. The cash benefit will be received by the KMP 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 the absolute return performance hurdles and the relative return performance hurdles being achieved. Performance Rights are valued at 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.

(d) Executive Directors Remuneration

As at 30 June 2012, David Maxwell and Hector Gordon are Executive Directors on the Board of the Company.

Mr Maxwell commenced as Managing Director on 12 October 2011 under contract of employment of that date. The term of the Managing Director's executive employment agreement expires 10 October 2014. The base salary is reviewed annually at the Board's discretion. Either the Company or Mr Maxwell may terminate this contract by providing six months written notice of intent to terminate.

Mr Gordon commenced as Executive Director Exploration and Production on 26 June 2012 under contract of employment for a period of three years expiring on 24 June 2015. The base salary is reviewed annually at the Board's discretion. Either the Company or Mr Gordon may terminate this contract by providing six months written notice of intent to terminate.

A range of other terms and conditions apply to Mr Maxwell, Mr Gordon and the Company.

Pursuant to shareholder approval obtained at the 2011 Annual General Meeting, Mr Maxwell was eligible to receive a maximum of 1,647,713 Performance Rights that were subsequently awarded on 20 January 2012.

Remuneration

All employment agreements now standardise the Executive Directors's entitlement to:

(i) Base Salary (refer to section 5.4(a) of this report)
(ii) STIP (refer to section 5.4(b) of this report)
(iii) LTIP (refer to section 5.4(c) of this report)

In the event of a redundancy or defined change in circumstances, Executives are entitled to the following;

(i) Lump Sum Redundancy Payment comprising;
   a. 6 weeks total salary package
   b. 3 weeks salary for each completed full year of service
   c. Notice or payment in lieu of notice as per the Executives contract of employment.
(ii) Short Term Incentive Plan
(iii) Employee Performance Rights Plan (Long Term Incentive Plan)
(iv) Annual and long service leave.

For all other KMP's, notice of termination by either party varies between two and three months.

(e) Non-Executive Directors' Remuneration

In line with Corporate Governance principles, Non-Executive Directors of the Company are remunerated solely by way of fees and statutory superannuation. The annual fee is set to reflect current market levels based on the time, responsibilities and commitments associated with the proper discharge of their duties as members of the Board.

All Directors of the Company are encouraged to apply a proportion of their fees to purchase shares in the Company.

The maximum total pool of available fees was set by shareholders in General Meeting held on 28 November 2006 when shareholders approved an aggregate remuneration of up to $325,000 per year.

Other than statutory superannuation, Non-executive Directors of the Company are not entitled to any retirement benefits upon retirement from office.

The Company has entered into arrangements with Non-Executive Directors Mr Shervington (Chairman) and Mr Schneider whereby those persons are appointed as Non-Executive Directors of the Company.

5. Remuneration Report (Audited) (continued)

5.4 Existing Remuneration Arrangements for Directors and Executives (continued)

(e) Non-Executive Directors' Remuneration (continued)

The term of the appointments 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 of the Company.

In this regard the Constitution provides that all Non-executive Directors of the Company are subject to re-election by shareholders by rotation every three years during the term of their employment.

The terms of engagement provide that the Company will maintain an appropriate level of Directors' and Officers' insurance and access to Company records in accordance with the terms of deeds of indemnity, insurance and access entered into between the Company and each of the Non-executive Directors.

The remuneration payable by the Company to Non-executive Directors is shown in the relevant tables.

5.5 Elements of Remuneration related to Performance

The Corporations Act requires disclosure of the Company's remuneration policy to contain a discussion of the Company's earnings and performance and the effect of the Company's performance on shareholder wealth in the reporting period and the four previous financial years. The table below provides a five year financial summary to 30 June 2012.

		30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Net Profit/(loss) after tax	$'000	8,381	(10,349)	1,247	(2,816)	6,406
EPS Basic	cents	2.8	(3.5)	0.4	(1.0)	3.0
EPS Diluted[1]	cents	2.8	(3.5)	0.4	(1.0)	2.9
Year-end share price	$	0.45	0.36	0.37	0.45	0.47
Shares on issue	'000,000	327.3	292.6	292.6	291.9	252.3
Market Capitalisation	$'000,000	147.3	105.3	111.2	131.4	118.6

1 No dividends were paid during any of the financial years.

Short Term Incentive Plan indicators assessment for the year

In the twelve months to 30 June 2012, the Board determined a set of Company STIP's, reflecting the Company's strategies, business plan and budget. The STIP's and performance against them are set out below:

Performance against budgeted net profit after tax from continuing operations

The Company exceeded budget expectations partially as a result of increased production, higher oil price and tax accounting for the take up of Petroleum Resource Rent Tax.

Performance against budgeted capital and exploration expenditure.

Expenditure was below budget due to carry over of exploration activities into the 2013 fiscal year and the withdrawal from exploration activity in Europe.

Performance against net reserves and resource addition targets.

Net 2P hydrocarbon reserves declined and was below target due to delayed exploration from inclement weather and accelerated production.

Performance against total share holder value against prior periods

The market capitalisation increase relative to prior years is reflective of investor confidence in the revised business strategy.

Performance against health, safety and environment targets.

A no liability incident by an independent contractor undertaking offshore seismic activity occurred, there were no material incidents that impacted on employees and the Company.

The Board will assign an overall performance rating against target levels which will drive the key management personnel and employee STIP award for the period ending the 30 June 2012.

5.6 KMP Remuneration related to Performance

Base salary for all employees is based on comparisons with similar positions in peer companies and is reviewed annually. An individual's performance and role and responsibilities will have a strong influence on any annual increase.

The elements of remuneration shown in the columns labelled Cash Bonus in the tables below are related to Company and individual performance (STIP).

The elements of remuneration shown in the Performance Rights column are directly related to the performance of the Company total shareholder return. The elements of remuneration shown in the remaining columns are not performance related. The performance conditions used in the determination of performance-based remuneration for Executive Directors and Executives of the Company are explained in detail in the discussion on remuneration policy in this remuneration report.

Except as noted above, the cash bonuses shown in the 2012 remuneration table below were based on the increase in 2P hydrocarbon reserves at the end of June 2011. The bonus was awarded and paid in September 2011.

The value of performance rights shown in the tables below are the accounting costs accrued in the financial year for grants in the financial year. No KMP of the Company received a cash benefit from rights having been received. No cash benefit is received by KMP of the Company until the sale of the resultant shares, which cannot be done until the rights have vested and the shares issued. No cash bonus awards were forfeited because the person did not meet the relevant service or performance conditions.

Managing Director

The Company entered into a contract of employment of Managing Director with Mr David Maxwell as set out in 5.4(d). Under that contract, Mr Maxwell's base salary with effect from 12 October 2011 was $550,000 per annum and $50,000 superannuation.

The Company entered into a deed of indemnity insurance and access with Mr Maxwell whereby the Company will maintain an appropriate level of Directors' and Officers' indemnity insurance and provide access to Company records.

5. Remuneration Report (Audited) (continued)

5.6 KMP Remuneration related to Performance (continued)

Executive Director - Exploration and Production

The Company entered into a contract of employment of Executive Director Exploration and Production with Mr Hector Gordon as set out in 5.4(d). Under that contract, Mr Gordon's base salary with effect from 26 June 2012 was $423,530 per annum and $16,470 superannuation.

The Company entered into a deed of indemnity insurance and access with Mr Gordon whereby the Company will maintain an appropriate level of Directors' and Officers' indemnity insurance and provide access to Company records.

a. Other Elements of Executive Director and Executive Remuneration

Remuneration packages contain the following key elements:

(a) Short term employee benefits – salary/fees, bonuses and non-monetary benefits, such as car parking.

(b) Post-employment benefits – including superannuation and redundancy packages.

Value of options that expired during the year

During the year, 425,000 fully vested options, valued at $318,750 at grant date, with a strike price of 75 cents expired at 31 December 2011 and 500,000 fully vested options, valued at $375,000 at grant date, with a strike price of 75 cents expired at 30 April 2012. No options were issued or forfeited during the year.

Analysis of Movement in Performance Rights Granted

	Number of Performance Rights granted	Fair value of Performance Rights granted	Number of Performance Rights vested during the reporting period	Number of Performance Rights vested to date	Percentage of Performance Rights vested to date
Director					
Mr D. Maxwell	1,647,713	$604,133	-	-	-%
Executive					
Mr S. Twartz	732,605	$268,609	-	-	-%
Mr S. Blenkinsop	529,788	$194,247	-	-	-%
Mr. A. Warton	569,021	$208,631	-	-	-%
Mr J.A. Baillie	454,952	$166,808	-	-	-%

The Performance rights were granted on the 20 January 2012 with the likely first testing date and vesting date in either September or October 2012. The performance rights were independently valued at weighted average of 26.1 cents per right. See note 23 of the Notes to the Financial Statements for further details. At the date of this report, Mr Twartz and Mr Blenkinsop have forfeited their rights after ceasing employment with the Company.

Directors' Statutory Report (continued)

For the year ended 30 June 2012

Value of Performance Rights Granted – Basis of Calculation

The value of performance rights at the grant date is calculated as the fair value of the rights at grant date, using the Monte Carlo Simulation model, multiplied by the number of rights granted.

The fair value of performance rights is set out in note 23 of the financial statements.

Table 1 Directors' remuneration

for the year ended 30 June 2012

	Benefits		Post Employment	Share Based Payment		
	Short Term	Long Term				
Directors	Salary & Fees $	Long Service Leave $	Super-annuation $	Performance Rights $	Termination Payments $	Total $
Mr L.J. Shervington Chairman	100,417	-	9,225	-	-	109,642
Mr D.P. Maxwell Managing Director	390,102	-	11,174	143,351	-	544,627
Mr J.W. Schneider	53,833	-	5,319	-	-	59,152
Mr H. M. Gordon	-	-	-	-	-	-
Mr N. Fearis	-	-	-	-	-	-
Mr G.G. Hancock	73,022	29,971	7,888	-	105,249	216,130
Mr C.R. Porter	22,667	-	2,040	-	-	24,707
Mr S.H. Abbott	22,667	-	2,040	-	-	24,707
Mr M.T. Scott Chief Operating Officer	12,370	56,457	4,167	-	297,701	370,695
	675,078	**86,428**	**41,853**	**143,351**	**402,950**	**1,349,660**

a) Mr Maxwell was appointed Managing Director on 12 October 2011. The proportion of Mr Maxwell's remuneration that is performance related in the year to 30 June 2012 is 26.3%.

b) Mr Hancock provided services to the parent entity three days per week via employment contact until his date of resignation on 11 October 2011as an Executive Director. Mr Hancock continued as a marketing consultant until 31 January 2012 under a marketing consultancy agreement.

c) Mr M.T. Scott was Managing Director until 15 June 2011and was then appointed the Chief Operations Officer effective from that date until his resignation on 31 August 2011.

d) The share based payment for Mr Maxwell represents the proportionate share of the value of performance rights that were awarded in January 2012. The basis for computing the value of the performance rights is included in this report and also set out in Note 23 of the Annual Financial Statements.

e) There were no short-term non monetary benefits earned during the year.

f) Mr Gordon was appointed on the 26 June 2012.

g) Mr Fearis did not receive any fees.

5. Remuneration Report (Audited) (continued)

5.6 KMP Remuneration related to Performance (continued)

Table 1 Directors' remuneration (continued)

for the year ended 30 June 2011

	Benefits			Post Employment	Share Based payment	
	Short-term		Long-term			
	Salary & Fees $	Cash Bonus $	Long Service Leave $	Super-annuation $	Options $	Total $
Directors						
Mr L.J. Shervington *Chairman*	90,000	-	-	8,100	-	98,100
Mr G.G. Hancock	212,801	22,100	-	15,199	23,934	274,034
Mr C.R. Porter	68,000	-	-	6,120	-	74,120
Mr S.H. Abbott	68,000	-	-	6,120	-	74,120
Mr M.T. Scott *Chief Operating Officer*	528,786	62,356	63,653	15,199	39,891	709,885
	967,587	**84,456**	**63,653**	**50,738**	**63,825**	**1,230,259**

a) Mr Hancock's proportion of remuneration that was performance related is 16.8% while the value of options as a proportion of remuneration was 8.7%

b) Mr Hancock's cash bonus of $22,100 was paid in accordance with the STIP for the year to 30 June 2011.

c) Mr Hancock provided services to the parent entity three days per week via employment contract as an Executive Director and a marketing consultancy.

d) Mr M.T. Scott was Managing Director until 15 June 2011and was then appointed the Chief Operations Officer effective from that date. The cash bonus of $62,356 was paid in accordance with the STIP for the year to 30 June 2011. The proportion of remuneration that was performance related was 14.4% while the value of options as a proportion of remuneration was 5.6%.

e) The share based payment for each of Mr Hancock and Mr Scott represented the proportionate share of the value of vesting options that were awarded in December 2007. The basis for computing the value of these options is set out in Note 23 of the Annual Financial Statements.

f) There were no short-term non-monetary benefits earned during the year.

Directors' Statutory Report (continued)

For the year ended 30 June 2012

Table 2 Executives and Senior Employees remuneration

for the year ended 30 June 2012

	Short-term Benefits		Post-Employment	Share Based Payment	
	Salary & Fees $	Cash Bonus $	Super-annuation $	Performance Rights $	Total $
Executives and senior employees					
Mr S.K. Twartz *Exploration Manager*	438,164	25,404	15,775	63,737	543,080
Mr J.A. Baillie *Chief Financial Officer*	245,733	24,250	15,775	39,581	325,339
Mr S.F. Blenkinsop *Legal and Commercial Manager*	314,941	19,500	15,775	46,092	396,308
Mr A. Warton *Development Manager*	339,432	17,500	15,775	49,505	422,212
	1,338,270	**86,654**	**63,100**	**198,915**	**1,686,939**

a) Messrs Twartz, Baillie, Blenkinsop and Warton all received a proportionate share of a cash bonus that was awarded and distributed to all staff on 12 September 2011. The bonus awarded was based on the increase in 2P hydrocarbon reserves at the end of June 2011 by the Remuneration and Nomination Committee. There was no forfeiture of bonus.

b) Mr S. Twartz proportion of remuneration that is performance related is 11.7%.

c) Mr J.A. Baillie proportion of remuneration that is performance related is 12.2%.

d) Mr S.F. Blenkinsop proportion of remuneration that is performance related is 11.7%.

e) Mr A. Warton proportion of remuneration that is performance related is 11.7%.

f) The share based payment for Executives and senior employees represent the proportionate share of the value of performance rights that were awarded in January 2012. The basis for computing the value of the performance rights is included in this report and also set out in Note 23 of the Annual Financial Statements.

5. Remuneration Report (Audited) (continued)

5.6 KMP Remuneration related to Performance (continued)

Table 2 Executives and Senior Employees remuneration (continued)

for the year ended 30 June 2011

	Short-term		Post Employment	Share-based payments	
	Salary & Fees $	Cash Bonus $	Super-annuation $	Options $	Total $
Executives and senior employees					
Mr S.K. Twartz *Exploration Manager*	217,400	-	7,600	-	225,000
Mr T.J. Magee *Chief Geologist*	338,499	15,000	15,199	9,973	378,671
Mr J.A. Baillie *Chief Financial Officer*	224,688	5,000	15,199	3,989	248,876
Mr A.N. Craig *Chief Geophysicist*	302,301	20,000	15,199	3,989	341,489
Mr S.F. Blenkinsop *Legal and Commercial Manager*	180,717	-	8,866	-	189,583
Mr C.D Todd *Exploration Manager*	262,011	-	5,066	19,945	287,022
Mr D. Gillies *New Venture Manager*	199,716	-	5,533	3,496	208,745
Mr K. Craigue *Drilling Engineer*	431,750	-	8,866	-	440,616
Mr A. Warton *Development Manager*	167,400	-	7,600	-	175,000
	2,324,482	**40,000**	**89,128**	**41,392**	**2,495,002**

a) Messrs Magee; Baillie and Craig all received a proportionate share of a cash bonus that was awarded and distributed to all staff on the 13 January 2011.

b) Mr T.J. Magee's proportion of remuneration that is performance related was 6.6% while the value of options as a proportion of remuneration was 2.6%.

c) Mr J.A. Baillie proportion of remuneration that is performance related was 3.6% while the value of options as a proportion of remuneration was 1.6%.

d) Mr A.N. Craig proportion of remuneration that s performance related was 7.0% while the value of options as a proportion of remuneration was 1.2%.

e) Mr C.D Todd proportion of remuneration that is performance related was 6.9% while the value of options as a proportion of remuneration wais 6.9%. Mr Todd resigned on 19 October 2010.

f) Mr D. Gillies proportion of remuneration that is performance related was 1.7% while the value of options as a proportion of remuneration was 1.7%. Mr Gillies resigned on the 19 October 2010.

g) The basis of share based payment represents the proportionate share of the value of options that were awarded in December 2007 and May 2009. The basis for computing the value of these options is set out in Note 23 of the Annual Financial Statements.

h) Messrs Magee and Craig were not key management personnel from 1 July 2011.

End of remuneration report.

6. Principal Activities

The Group 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.

7. Operating and Financial Review

The net profit after tax attributable to members was $8,381,000 (2011: Loss $10,349,000).

The net profit was significantly impacted by the accounting disclosure arising from the introduction of Petroleum Resource Rent Tax, which increased the net profit from continuing operations for the year by $12,233,000, and the write down of the value of exploration assets in Indonesia and Poland by $17,880,000 (2011: 19,306,000). The following table summarises.

	2012 $'000	2011 $'000
Net profit after tax before abnormal events	15,760	11,729
Write off of unsuccessful exploration and impairments of assets	(19,612)	(22,078)
PRRT Deferred Tax Asset recognition	12,233	-
Net profit/((loss) after taxation attributable to members	8,381	(10,349)

In the twelve months to June 2012 the Company's share of oil from joint ventures in the Cooper Basin totalled 501,012 (2011: 398,859) barrels of oil and from the Sukananti field in Indonesian 16,174 (2011: 7,851) barrels of oil.

In the twelve months to June 2012 the Company's revenue from sale of oil was $59,606,000 (2011: $39,121,000).

At 30 June 2012 the proved and probable reserves (2P) totalled 1,791,000 (2011: 2,348,000) barrels of oil in the Cooper Basin (South Australia) and 91,000 (2011: 123,000) barrels of oil at Sukananti (Indonesia).

7. Operating and Financial Review (continued)

The Company has also analysed and reviewed the possible reserves (3P) and contingent resources (2C and 3C) which are summarised in the following table (million barrels).

Net Oil Reserves (millions of barrels)			Net Oil Resources (millions of barrels)
Proved (1P)	Proved & Probable (2P)	Proved, Probable & Possible (3P)	(3C)
0.92	1.88	2.75	6.47

During the year the Company participated in the drilling of six exploration wells (2011: six wells) and five appraisal/development wells (2011: five wells) in the Cooper Basin, South Australia. Three of the exploration wells and four of the development wells were successful.

In June 2012 the Company acquired a controlling interest in Somerton Energy Limited ("Somerton") for a total cost of $25,323,000 by the issue of shares valued at $15,132,000 and payment of a cash consideration of $9,612,000. Assets acquired were exploration and evaluation of $20,963,000 including cash on hand of $7,081,000 and a deferred tax liability of $2,008,000. The Somerton acquisition was completed on 26 July 2012 and has materially increased the oil and gas opportunities available to the Company in the Otway Basin (a focus area) and provided exposure to the Gippsland Basin.

In August 2012 the Company (via Somerton) increased its strategic holding in Bass Strait Oil Company Limited ("Bass") to 16.7%. This interest may increase to 19.9% following the finalisation of a pro rata rights issue that a Group company has underwritten. Bass has a portfolio of assets in the Gippsland and Otway Basins which are complementary to the Group's interest in the area.

The Board announced in August 2012 that the head office of the Company will be relocated from Perth to Adelaide effective from the beginning of 2013. This move locates the management closer to the Company's core assets and joint venture partners.

8. Dividends

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

9. Environmental Regulation

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

10. Likely Developments

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

Directors' Statutory Report (continued)

For the year ended 30 June 2012

11. Directors' Interests

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

	Cooper Energy Limited	
	Ordinary Shares	Performance Rights
Mr D.P. Maxwell	935,527	1,647,713
Mr J.W. Schneider	300,000	-
Mr H.M. Gordon	176,608	-
Mr L.J. Shervington	405,933	-

12. Share Options

Unissued shares under options

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

Expiry Date	Exercise price	Number of Shares
31 August 2012	100 cents	120,000
31 December 2012	100 cents	200,000

All options expire on the earlier of the expiry date or, if deemed by the Board, on termination of the employee's employment.

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

13. Events after Financial Reporting Date

Subsequent to 30 June 2012 a wholly owned subsidiary of the Company increased its holding in Bass Strait Oil Company from 18,070,272 shares to 74,296,214 shares by participating in a placement of 56,205,942 shares for $843,089.

In addition, the wholly owned subsidiary undertook to sub-underwrite the issue of 28,862,795 shares at 1.5 cents per share in a 1 for 6 non renounceable entitlement issue in Bass Strait Oil Company. The maximum amount that can be called in terms of the sub-underwriting agreement is $432,942 in September 2012.

14. Indemnification and Insurance of Directors and Officers

Indemnification

The parent entity has agreed to indemnify the following current Directors and past Directors of the parent entity and of the subsidiaries, where applicable, Mr L.J Shervington; Mr G.G. Hancock; Mr C.R. Porter; Mr S.H. Abbott; Mr M.T. Scott, Mr D.P. Maxwell, Mr J.W. Schneider, Mr H.M. Gordon, Mr I.E. Gregory and Mr J.A Baillie, 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.

Directors' Statutory Report (continued)

For the year ended 30 June 2012

14. Indemnification and Insurance of Directors and Officers (continued)

Insurance premiums

During the financial year, the parent entity has paid insurance premiums of $67,000 in respect of Directors' and Officers' liability and legal insurance contracts for current and former Directors and Officers including senior employees of the Parent entity.

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

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

15. Auditor's Independence Declaration

The auditor's independence declaration is set out on page 94 and forms part of the Directors' report for the financial year ended 30 June 2012.

16. 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 $20,000 (2011: $ nil).

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 David P. Maxwell
Managing Director
Dated at Perth this 30 August 2012.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Notes	Consolidated 2012 $'000	Consolidated 2011 $'000
Continuing Operations			
Revenue from oil sales	4	59,606	39,121
Cost of sales	4	(27,684)	(16,248)
Gross profit		31,922	22,873
Other revenue	4	4,667	5,092
Depreciation	4	(203)	(115)
Administration and other expenses	4	(15,380)	(33,338)
Profit/(Loss) before income tax		21,006	(5,488)
Taxes			
Income tax expense	5	(6,978)	(4,861)
Petroleum Resource Rent Tax	5	12,233	-
Total income tax credit/(expenses)	5	5,255	(4,861)
Net profit/(loss) after tax from continuing operations		26,261	(10,349)
Discontinued operations			
Impairment of exploration assets held for sale after income tax	11	(17,880)	-
Total income/(loss) for the period		8,381	(10,349)
Total profit/(loss) for the period attributable to members		8,381	(10,349)
Other comprehensive income/(expenditure)			
Fair value movements on available for sale investments		(1,995)	-
Other comprehensive expenditure for the period net of tax		(1,995)	-
Total comprehensive income/(loss) for the period attributable to members		6,386	(10,349)
		cents	cents
Basic earnings/(loss) per share from continuing operations	6	8.9	(3.5)
Diluted earnings/(loss) per share from continuing operations	6	8.9	(3.5)
Basic earnings/(loss) per share		2.8	(3.5)
Diluted earnings/(loss) per share		2.8	(3.5)

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

Consolidated Statement of Financial Position

As at 30 June 2012

		Consolidated	
	Notes	2012 $'000	2011 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	**59,010**	51,891
Term deposits at banks	7	**-**	19,070
Trade and other receivables	8	**11,973**	16,076
Materials	9	**189**	273
Prepayments	10	**197**	72
		71,369	87,382
Exploration assets classified as held for sale	11	**33**	-
Total Current Assets		**71,402**	87,382
Non-Current Assets			
Available for sale financial assets	12	**13,203**	-
Term deposits at banks	7	**2,451**	1,397
Oil properties	13	**19,188**	17,846
Exploration and evaluation	14	**42,546**	21,300
Deferred tax asset	5	**12,233**	-
Total Non-Current Assets		**89,621**	40,543
TOTAL ASSETS		**161,023**	127,925
LIABILITIES			
Current Liabilities			
Trade and other payables	15	**12,332**	7,817
Income tax payable		**3,706**	45
Total Current Liabilities		**16,038**	7,862
Non-Current Liabilities			
Deferred tax liabilities	5	**4,150**	3,786
Provisions	16	**3,890**	1,414
Total Non-Current Liabilities		**8,040**	5,200
TOTAL LIABILITIES		**24,078**	13,062
NET ASSETS		**136,945**	114,863
EQUITY			
Contributed equity	18	**113,877**	98,657
Reserves	18	**608**	2,127
Retained profits	18	**22,460**	14,079
TOTAL EQUITY		**136,945**	114,863

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 2012

	Issued Capital $'000	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 July 2011	**98,657**	**2,127**	**14,079**	**114,863**
Profit for the period	**-**	**-**	**8,381**	**8,381**
Other comprehensive income/(expenditure)	**-**	**(1,995)**	**-**	**(1,995)**
Total comprehensive income for the period	**-**	**(1,995)**	**8,381**	**6,386**
Transactions with owners in their capacity as owners:				
Share based payments	**-**	**476**	**-**	**476**
Shares issued	**15,220**	**-**	**-**	**15,220**
Balance at 30 June 2012	**113,877**	**608**	**22,460**	**136,945**
Balance at 1 July 2010	98,657	2,012	24,428	125,097
Loss for the period	-	-	(10,349)	(10,349)
Total comprehensive income for the period	-	-	(10,349)	(10,349)
Transactions with owners in their capacity as owners:				
Share based payments	-	115	-	115
Shares issued	-	-	-	-
Balance at 30 June 2011	98,657	2,127	14,079	114,863

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 2012

	Notes	Consolidated 2012 $'000	2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**58,079**	39,934
Payments to suppliers and employees		**(19,625)**	(27,962)
Income tax paid		**(4,168)**	(5,637)
Interest received – other entities		**4,798**	4,540
Net cash from operating activities	7	**39,084**	10,875
CASH FLOWS FROM INVESTING ACTIVITIES			
Transfers of/(Placements on) term deposits		**15,552**	(20,255)
Payment for available for sale financial assets	12	**(15,198)**	-
Payments for exploration and evaluation		**(18,489)**	(21,003)
Investments in oil properties		**(11,175)**	(6,984)
Cash outflow associated with the acquisition of controlled entities	17	**(2,531)**	-
Net cash flows from/(used in) investing activities		**(31,841)**	(48,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for shares		**-**	(2,772)
Net cash flow from financing activities		**-**	(2,772)
NET INCREASE/(DECREASE) IN CASH HELD		**7,243**	(40,139)
Net foreign exchange differences		**(124)**	(243)
CASH AND CASH EQUIVALENTS AT 1 JULY 2011		**51,891**	92,273
CASH AND CASH EQUIVALENTS AT 30 JUNE 2012	7	**59,010**	51,891

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 2012

1. Corporate Information

The consolidated financial report of Cooper Energy Limited (the parent entity) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 30 August 2012.

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 6 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.

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

During the year, legislation extending the Petroleum Resource Rent Tax (PRRT) to onshore oil and gas operations in Australia was passed into law.

As a result of transition to the PRRT regime, the Company expects to be granted a deductible temporary difference of approximately $43,689,000 that will be available to offset against future PRRT taxable profits. An estimated deferred tax asset of $12,233,000 in respect of this deductible temporary difference has been recognised on the basis deductions from future augmentation of the deductible temporary difference will offset future PRRT taxable profit. Accordingly, a corresponding benefit to income tax expense of $12,233,000 was recognised.

Had an alternative approach been used to assess recovery of the deferred tax asset, whereby future augmentation was not included in the assessment, the estimated deferred tax asset recognised would have been lower, with a corresponding adjustment to the benefit taken to income tax expense.

It was determined that the approach adopted provides the most meaningful information on the implications of transition of the PRRT regime, whilst ensuring compliance with AASB 112 Income Taxes.

As a result of the acquisition of Somerton Energy Limited, the Group expects to be incurring an additional temporary difference of approximately of $4,336,000 that will result in a deferred tax liability of $1,214,000 which was recognised as a liability on acquisition.

The existing temporary differences are based on existing estimates made by the Company. The Company will be required to lodge specific PRRT compliance documents with the Australian Taxation Office which will assist in confirming the company's temporary difference amounts. These documents are not required to be lodged with the relevant government departments until August 2013. As such the existing temporary differences may be subject to change during future reporting periods.

2. Summary of Significant Accounting Policies (continued)

b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.
From 1 July 2011 the Consolidate Entity has adopted all accounting standards and interpretations applicable for the first time for entities with years ending 30 June 2012:
Adoption of these standards interpretation did not have any effect on the financial position or performance of the Consolidated Entity.

Reference	Title	Application date of standard	Application date for Group
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] Makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.	1 January 2011	1 July 2011
AASB 2010-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13] Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	1 July 2011
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	1 July 2011

Notes to the Financial Statements (continued)

For the year ended 30 June 2012

Reference	Title	Application date of standard	Application date for Group
AASB 1054	Australian Additional Disclosures This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard, with AASB 2011-1 relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards. (b) The statutory basis or reporting framework for financial statements. (c) Whether the entity is a for-profit or not-for-profit entity. (d) Whether the financial statements are general purpose or special purpose. (e) Audit fees. (f) Imputation credits.	1 July 2011	1 July 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] The amendments increase the disclosure requirements for transactions involving transfers of financial assets but which are not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011	1 July 2011
AASB 124 (Revised)	The revised AASB 124 Related Party Disclosures (December 2009) simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other. (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each othe.r (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	1 July 2011

2. Summary of Significant Accounting Policies (continued)

b) Statement of compliance (continued)

The following table lists all applicable Standards/Interpretations issued but not yet effective for 30 June 2012 year end for which the Group has elected not to early adopt. The impact of the adoption of these new and revised standards onwards and interpretations onwards has not been determined by the Group. The table is accurate as at 30 August 2012.

AASB 2011-9	**Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]**		
Summary	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.		
Application date of Standard	1 July 2012	Application date for Group	1 July 2012

AASB 10	**Consolidated Financial Statements**		
Summary	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. 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. Consequential amendments were also made to other standards via AASB 2011-7.		
Application date of Standard	1 January 2013	Application date for Group	1 July 2013

AASB 11	**Joint Arrangements**		
Summary	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. 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. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.		
Application date of Standard	1 January 2013	Application date for Group	1 July 2013

AASB 12	Disclosure of Interests in Other Entities		
Summary	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.		
Application date of Standard	1 January 2013	Application date for Group	1 July 2013

AASB 13	Fair Value Measurement		
Summary	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. 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. Consequential amendments were also made to other standards via AASB 2011-8.		
Application date of Standard	1 January 2013	Application date for Group	1 July 2013

AASB 119	Employee Benefits		
Summary	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. 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 Standard	1 January 2013	Application date for Group	1 July 2013

Notes to the Financial Statements (continued)

For the year ended 30 June 2012

2. Summary of Significant Accounting Policies (continued)

b) Statement of compliance (continued)

AASB 2012-5	Annual Improvements 2009–2011 Cycle		
Summary	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: AASB 1 First-time Adoption of International Financial Reporting Standards • Repeated application of IFRS 1 • Borrowing costs AASB 101 Presentation of Financial Statements • Clarification of the requirements for comparative information AASB 116 Property, Plant and Equipment • Classification of servicing equipment AASB 132 Financial Instruments: Presentation • Tax effect of distribution to holders of equity instruments AASB 134 Interim Financial Reporting Interim financial reporting and segment information for total assets and liabilities		
Application date of Standard	1 January 2013	Application date for Group	1 July 2013

AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]		
Summary	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.		
Application date of Standard	1 July 2013	Application date for Group	1 July 2013

AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities		
Summary	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate 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.		
Application date of Standard	1 January 2013	Application date for Group	1 July 2013

Notes to the Financial Statements (continued)

For the year ended 30 June 2012

AASB 1053	Application of Tiers of Australian Accounting Standards		
Summary	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.		
Application date of Standard	1 July 2013	Application date for Group	1 July 2013

AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities.		
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 Standard	1 January 2014	Application date for Group	1 July 2015

2. Summary of Significant Accounting Policies (continued)

b) Statement of compliance (continued)

AASB 9	Financial Instruments		
Summary	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) 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. (b) 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. (c) 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. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 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 and 2010-10.		
Application date of Standard	1 January 2013	Application date for Group	1 July 2013

- AASB ED 215 Mandatory effective date of IFRS 9 proposes to defer the mandatory effective date of AASB 9 from annual periods beginning 1 January 2013 to annual periods beginning on or after 1 January 2015, with early application permitted. At the time of preparation, finalisation of standard is still pending by the AASB. However, the IASB has deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, with early application permitted.

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

c) Basis of Consolidation

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

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

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

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 acquire 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 acquire 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.

e) Jointly controlled assets

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

2. Summary of Significant Accounting Policies (continued)

e) Jointly controlled assets (continued)

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

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

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

There is one entity within the Group that has a functional currency of Euros. The assets and liabilities of this entity is 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 were taken to the foreign currency translation reserve in equity.

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, 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.

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 developed producing (PDP) reserves. No amortisation is charged on areas under development where production has not commenced.

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

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

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

k) Share-based payments

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

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

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

2. Summary of Significant Accounting Policies (continued)

k) Share-based payments (continued)

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 options 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 arrangements conveys a right to use the asset.

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

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

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

m) Management fees

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

2. Summary of Significant Accounting Policies (continued)

n) Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exits 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.

o) 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)

PRRT is considered, for accounting purposes, to be a tax based on income. Accordingly, current and deferred PRRT expense is measured and disclosed on the same basis as income tax.

p) 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 a dry well that is plugged and abandoned are written off in the year in which the decision to abandon is made. If exploratory wells encounter shows of oil and gas, the well costs remain capitalised on the Consolidated Statement of Financial Position as long as sufficient progress in assessing the reserves and the economic and operating viability of the project is being made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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

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 adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.

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

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

s) Property, plant and equipment

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

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

2. Summary of Significant Accounting Policies (continued)

s) Property, plant and equipment (continued)

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

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

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

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use. Any gains or losses arising on de-recognition of the asset (calculates 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 six 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.

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

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

General

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.

Restructuring Provisions

Restructuring provisions are recognised only when general recognition criteria for provisions are fulfilled. Additionally, the Group follows a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and appropriate timeline. The employees affected have a valid expectation that the restricting is being carried out or the implementation has been initiated already.

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2012

2. Summary of Significant Accounting Policies (continued)

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

(i) Significant accounting judgements

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

Determination of recoverable hydrocarbons

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

Estimates of recoverable hydrocarbons are evaluated and reported by Competent Persons in accordance with 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.

Taxation

The Group's accounting policy for taxation requires management's judgment 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 judgments and assumptions are subject to risk and uncertainty, hence there is a possibility changes in circumstances will alter expectation, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidated Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised.

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

Operating lease commitments

The Group has entered into a commercial property lease. The Group has determined that is 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2012

(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:

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 capitalised development expenditure

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

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

Provisions for decommissioning and restoration costs

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

2. Summary of Significant Accounting Policies (continued)

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

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 valuer using a binominal model and applying the calculation criteria detailed in note 2 (j).

3. Segment Reporting

Identification of reportable segments and types of activities

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-nnual results are reported to the Board. The Managing Director is the chief operating decision maker.

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 all derived from the sale of crude oil to a consortium of buyers made up of Santos Limited and its subsidiaries; Delhi Petroleum Pty Ltd and Origin Energy Resources Limited. Interest income is earned from the placement of funds with various Australian Banks for periods of up to six months.

African Business Unit

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

Asian Business Unit

The Asian business unit involved the production and sale of crude oil from the Tangai-Sukananti KSP. It is located on the island of Sumatra Indonesia. Revenue is derived from the sale of crude oil to PT Pertamina EP. The Company has announced its intention to dispose of the equity interest in the Sumbagsel PSC.

European Business Unit

The Company has announced its intention to dispose of the equity interest in the MUA 1, 2 and 3 in Poland.

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2012

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.

The following table presents revenue and segment results for reportable segments for the years ended 30 June 2012 and 2011.

	Australian Business Unit $'000	African Business Unit $'000	Asian Business Unit $'000	European Business Unit $'000	Consolidated $'000
Year ended 30 June 2012					
Revenue	**58,234**	**-**	**1,372**	**-**	**59,606**
Other revenue	**4,667**	**-**	**-**	**-**	**4,667**
Total consolidated revenue	**62,901**	**-**	**1,372**	**-**	**64,273**
Depreciation of property	**(143)**	**-**	**(60)**	**-**	**(203)**
Amortisation of:					
- Development costs	**(6,414)**	**-**	**(504)**	**-**	**(6,918)**
- Exploration costs	**(2,604)**	**-**	**-**	**-**	**(2,604)**
Share based payments	**(476)**	**-**	**-**	**-**	**(476)**
Exploration costs written off	**(1,648)**	**(84)**	**-**	**-**	**(1,732)**
Segment result	**21,684**	**(84)**	**(966)**	**204**	**21,006**
Income tax					**5,255**
Net Profit					**26,261**
Segment liabilities	**23,516**	**196**	**298**	**68**	**24,078**
Segment assets	**136,728**	**20,625**	**3,262**	**408**	**161,023**
Non Current Assets	**66,878**	**20,154**	**2,589**	**-**	**89,621**
Cash flow from:					
- Operating activities	**41,018**	**(275)**	**(1,319)**	**(340)**	**39,084**
- Investing activities	**(18,067)**	**(5,562)**	**(3,833)**	**(4,379)**	**(31,841)**
- Financing	**-**	**-**	**-**	**-**	**-**
Capital Expenditure	**(18,418)**	**(5,562)**	**(3,833)**	**(4,379)**	**(32,192)**
Year ended 30 June 2011					
Revenue	38,653	-	468	-	39,121
Other revenue	4,831	-	261	-	5,092
Total consolidated revenue	43,484	-	729	-	44,213
Depreciation of property	(115)	-	-	-	(115)
Amortisation of:					
- Development costs	(3,157)	-	-	-	(3,157)
- Exploration costs	(1,065)	-	-	-	(1,065)
Share based payments	(115)	-	-	-	(115)
Exploration costs written off	(1,624)	(10,130)	(7,553)	-	(19,306)
Segment result	12,779	(10,130)	(7,938)	(199)	(5,488)
Income tax expense					(4,861)
Net Loss					(10,349)
Segment liabilities	12,546	516	-	-	13,062
Segment assets	99,006	15,371	2,960	10,588	127,925
Non Current Assets	12,370	20,330	2,189	5,654	40,543
Cash flow from:					
- Operating activities	18,850	(1,425)	(1,417)	(5,133)	10,875
- Investing activities	(28,083)	(11,356)	(3,149)	(5,654)	(48,242)
- Financing	(2,772)	-	-	-	(2,772)
Capital Expenditure	(7,828)	(11,356)	(3,149)	(5,654)	(27,987)

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	
	2012 $'000	2011 $'000
Revenues from oil operations		
Oil sales	**59,606**	39,121
Total revenue from oil sales	**59,606**	39,121
Other revenue		
Interest revenue	**3,687**	4,858
Other income	**778**	-
Joint venture fees	**202**	234
Total other revenue	**4,667**	5,092
Cost of sales		
Production expenses	**(13,109)**	(8,133)
Royalties	**(5,053)**	(3,893)
Amortisation of exploration areas under production	**(2,604)**	(1,065)
Amortisation of development costs in areas of production	**(6,918)**	(3,157)
Total cost of sales	**(27,684)**	(16,248)
Depreciation		
Depreciation of property, plant and equipment	**(203)**	(115)
Total depreciation	**(203)**	(115)
Administration and other expenses		
Exploration and evaluation write-offs	**(1,732)**	(19,306)
Impairment of available for sale investment	**-**	(2,772)
General administration	**(13,524)**	(9,779)
Realised and unrealised foreign currency translation (loss)/gain	**(17)**	(1,442)
Finance cost – accretion of rehabilitation cost	**(107)**	(39)
Total other expenses	**(15,380)**	(33,338)
Profit/(loss) before tax	**21,006**	(5,488)
Employee benefits expense		
Director and employee benefits	**(6,550)**	(4,465)
Share based payments	**(476)**	(115)
	(7,026)	(4,580)
Lease payments		
Minimum lease payment – operating lease	**(344)**	(431)

Notes to the Financial Statements (continued)

For the year ended 30 June 2012

5. Income Tax

The major components of income tax expense are:

	Consolidated	
	2012 $'000	2011 $'000
Consolidated Statement of Comprehensive Income		
Current income tax		
Current income tax charge	**(8,001)**	(5,505)
Adjustments in respect of prior year income tax	**173**	22
	(7,828)	(5,483)
Deferred income tax		
Origination and reversal of temporary differences	**850**	622
	850	622
Income tax expense	**(6,978)**	(4,861)
Petroleum Resource Rent Tax - deferred tax	**12,233**	-
Total tax credit/(expenses)	**5,255**	(4,861)
Numerical reconciliation between tax expense and pre-tax net profit		
Accounting profit/(loss) before tax from continuing operations	**21,006**	(5,488)
Income tax using the domestic corporation tax rate of 30% (2011: 30%)	**(6,301)**	(1,646)
Increase/(Decrease) in income tax expense due to:		
Non deductible expenditure	**(560)**	(6,355)
Adjustments in respect to current income tax of previous years	**173**	22
Non Australian taxation jurisdictional subsidiaries	**(290)**	(174)
	(677)	(6,507)
Income tax expense	**(6,978)**	(4,861)

5. Income Tax (continued)

Tax Consolidation

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

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

Unrecognised temporary differences

At 30 June 2012, 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 (2011 $ nil).

As a result of transition to PRRT regime, the Company expects to be granted a deductible temporary difference of approximately $15,253,000 that will be available to offset against future PRRT taxable profits. An estimated deferred tax asset of $4,271,000 in respect of this deductible temporary difference has not been recognised on the basis deductions from future augmentation of the deductible temporary difference will be sufficient to offset future PRRT taxable profit.

Franking Tax Credits

At 30 June 2012 the parent entity had franking tax credits of $36,970,914 (2011: $31,384,156). The fully franked dividend equivalent is $86,265,466 (2011 $73,229,697).

Notes to the Financial Statements (continued)

For the year ended 30 June 2012

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Deferred income tax from corporate tax				
Deferred income tax at the 30 June relates to the following:				
Deferred tax liabilities				
Trade and other receivables	**2,090**	1,977	**(113)**	(708)
Oil property	**2,363**	2,698	**335**	194
Exploration and evaluation	**195**	275	**80**	22
	4,648	4,950		
Deferred tax assets				
Oil properties	**-**	28	**(28)**	-
Equity raising costs	**-**	200	**(200)**	213
Trade and other payables	**467**	29	**438**	(2)
Provision for employee entitlements	**134**	303	**(169)**	(105)
Provisions	**1,102**	385	**716**	(12)
Unrealised currency translation loss	**10**	219	**(209)**	(224)
	1,713	1,164		
Deferred tax income/(expense)			**850**	(622)
Deferred tax liability from corporate tax	**2,935**	3,786		
Deferred income tax from petroleum resource rent tax				
Deferred income tax 30 June relates to the following:				
Deferred tax liabilities				
Exploration and evaluation	**1,215**	-		
	1,215	-		
Deferred tax assets				
Oil properties	**12,233**	-		
	12,233	-	**12,233**	-
As represented on the Consolidated Statement of Financial Position, deferred tax asset	**12,233**	-		
As represented on the Consolidated Statement of Financial Position, net deferred tax liability	**4,150**	3,786		

6. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit/(loss) 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	
	2012 $'000	2011 $'000
Net profit/(loss) attributable to ordinary equity holders of the parent from continuing operations	**26,261**	(10,349)

	2012 Thousands	2011 Thousands
Weighted average number of ordinary shares for basic earnings per share	**294,972**	292,576
Effect of dilution:		
Share options	**-**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**294,972**	292,576

Basic earnings/(loss) per share for the period (cents per share)	**8.9**	(3.5)
Diluted earnings/(loss) per share for the period (cents per share)	**8.9**	(3.5)

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 5,855,831 shares would be issued over the next three years.

Notes to the Financial Statements (continued)

For the year ended 30 June 2012

7. Cash and Cash Equivalents and Term Deposits

	Consolidated	
	2012 $'000	2011 $'000
Current Assets		
Cash at bank and in hand	**12,010**	6,891
Short term deposits at banks (i)	**47,000**	45,000
	59,010	51,891
Term deposits at the bank (ii)	-	19,070
Non-Current Assets		
Term deposits at bank (iii)	**2,451**	1,397

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

(ii) Term deposits of $nil(2011: $18,162,000) at the bank are in Australian Dollars and are for periods exceeding 90 days but not longer than one year and earn interest at money market interest rates. An amount of $nil (2011: $ 908,000) is the translated Australian Dollar value at year end for a twelve month United States Dollar term deposit pledged to underwrite a performance bond issued by a wholly owned subsidiary.

(iii) The non current term deposit at bank is in United States Dollars and matures on 15 May 2014 at a fixed interest rate of 1%. The term deposit has been pledged to the bank to underwrite a performance bond issued by a wholly owned subsidiary. The carrying value of the term deposit approximates its fair value.

The Group does not have any finance facilities as of 30 June 2012 (2011: nil).

7. Cash and Cash Equivalents and Term Deposits (continued)

	Consolidated 2012 $'000	Consolidated 2011 $'000
Reconciliation of net profit/(loss) after tax to net cash flows from operations.		
NET PROFIT/(LOSS) FOR THE YEAR	**8,381**	(10,349)
Adjustments for:		
Amortisation of development costs in areas of production	**6,918**	3,157
Amortisation of exploration areas under production	**2,604**	1,065
Depreciation of property, plant and equipment	**203**	115
Exploration and evaluation written off	**19,612**	19,306
Impairment of non-current asset	**-**	2,772
Share based payments	**88**	115
Finance cost – accretion of rehabilitation cost	**107**	39
Unrealised foreign currency translation loss	**(50)**	243
(Increase)/decrease in trade and other receivables	**485**	(7,074)
(Increase)/decrease in inventories	**84**	(273)
(Increase)/decrease in prepayments	**(125)**	42
(Increase)/decrease in deferred tax assets	**(12,233)**	-
(Decrease)/increase in deferred tax liabilities	**364**	(622)
(Decrease)/increase in trade and other payables	**4,515**	1,858
(Decrease)/increase in current tax liability	**3,660**	(154)
(Decrease)/increase in provisions	**2,476**	635
Increase in available for sale reserve	**1,995**	-
Net cash from operating activities	**39,084**	10,875

8. Trade and Other Receivables (Current)

	Consolidated 2012 $'000	Consolidated 2011 $'000
Trade receivable (i)	**9,278**	8,443
Related party receivables (ii)	**629**	326
Related party receivables – Joint Ventures (iii)	**1,696**	6,604
Interest receivable	**370**	703
	11,973	16,076

(i) Trade receivables are non-interest bearing and are generally on 30-90 days terms. There are no past due or impaired receivables and have a history of past default.

(ii) All related payments are current within agreed terms of trade and do not exceed 180 days.

(iii) Related party payments 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. Materials (Current)

	Consolidated	
	2012 $'000	2011 $'000
Stores and materials	189	273

10. Prepayments (Current)

Insurance	197	72

11. Exploration Assets Held for Sale and Discontinued Operations

During the year the Board resolved to dispose of its exploration assets in Indonesia and Poland. Management is in the process of obtaining expressions of interest from third parties for the Company's equity holding in each of these exploration activities. The tenements were all impaired as management has no basis to attribute a fair value on a going concern basis.

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

The producing operation at Sukananti KSO has not been reclassified as held for sale.

	Consolidated	
	2012 $'000	2011 $'000
Exploration and Evaluation	17,880	-
Impairment loss recognised on the remeasurement to fair value	(17,880)	-
Net assets directly associated with disposal group	-	-
(Loss)/Profit for the year from discontinued operations	-	-
Impairment loss recognised on the remeasurement to fair value	(17,880)	-
(Loss)/Profit for the year from discontinued operations	(17,880)	-
Basis (loss)/earnings per share from discontinued operations	(6.1)	-
Diluted (loss)/earnings per share from discontinued operations	(6.1)	-

12. Available for Sale Investment (Non-Current)

	Consolidated 2012 $'000	Consolidated 2011 $'000
Shares at fair value	**13,203**	-

	2012 $'000	2011 $'000
A reconciliation of the movement during the year is as follows:-		
Opening balance	**-**	-
Purchases	**15,198**	-
Acquisition of investment	**-**	2,772
Impairment	**-**	(2,772)
Movement in available for sale investment reserve	**(1,995)**	-
Closing balance	**13,203**	-

Subsequent to the year end the value of investments available for sale increased from $13,203,000 to $18,104,000 at the date of this report.

13. Oil Properties (Non-Current)

	Plant and Equipment $'000	Transferred Exploration and Evaluation $'000	Development $'000	Total $'000
Consolidated				
As at 1 July 2010				
Cost	727	8,304	27,233	36,264
Accumulated depreciation	(393)	(4,693)	(15,973)	(21,059)
	334	3,611	11,260	15,205
Year end 30 June 2011				
Carrying amount at 30 June 2010	334	3,611	11,260	15,205
Additions	16	1,023	5,939	6,978
Depreciation	(115)	(1,065)	(3,157)	(4,337)
Carrying amount at 30 June 2011	235	3,569	14,042	17,846
As at 30 June 2011				
Cost	477	9,327	33,172	42,976
Accumulated depreciation	(242)	(5,758)	(19,130)	(25,130)
	235	3,569	14,042	17,846
Year end 30 June 2012				
Carrying amount at 1 July 2011	**235**	**3,569**	**14,042**	**17,846**
Additions	**22**	**3,088**	**7,874**	**10,984**
Acquisition of Subsidiary	**83**	**-**	**-**	**83**
Depreciation	**(203)**	**(2,604)**	**(6,918)**	**(9,725)**
Carrying amount at 30 June 2012	**137**	**4,053**	**14,998**	**19,188**
As at 30 June 2012				
Cost	**323**	**12,415**	**41,046**	**53,784**
Accumulated depreciation	**(186)**	**(8,362)**	**(26,048)**	**(34,596)**
	137	**4,053**	**14,998**	**19,188**

14. Exploration and Evaluation (Non-Current)

	Consolidated 2012 $'000	Consolidated 2011 $'000
Regions of focus		
Africa	**20,154**	13,430
Asia	**859**	1,298
Australia	**21,533**	918
European	**-**	5,654
Total exploration and evaluation	**42,546**	21,300

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

	2012 $'000	2011 $'000
Carrying amount at 1 July	**21,300**	19,601
Expenditure	**22,983**	22,028
Fair value of exploration acquired on the acquisition of Somerton Energy Limited	**20,963**	-
Transferred to oil properties	**(3,088)**	(1,023)
Unsuccessful exploration wells written off (i)	**(1,732)**	(19,306)
Exploration expenditure classified as held for sale	**(17,880)**	-
Carrying amount at 30 June	**42,546**	21,300

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

15. Trade and Other Payables (Current)

	2012 $'000	2011 $'000
Trade payables (i)	**1,132**	551
Other payables (i)	**2,349**	2,263
Accruals	**2,852**	986
	6,333	3,800
Related party payables – Joint Ventures (ii)	**5,999**	4,017
	12,332	7,817

(i) Trade and other payables are non-interest bearing and are normally settled on 30-90 day terms.
(ii) Related party payments are accrued expenditure incurred on joint ventures.

16. Provisions (Non-Current)

	Consolidated 2012 $'000	Consolidated 2011 $'000
Long service leave provision	**64**	133
Redundancy provision	**586**	-
Restoration provision	**3,240**	1,281
	3,890	1,414
Movement in carrying amount of the restoration provision:		
Carrying amount at 1 July	**1,281**	549
Additional provision	**1,852**	693
Increase through accretion	**107**	39
Carrying amount at 30 June	**3,240**	1,281

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.

The Redundancy Provision is an estimate of the amount that may be payable to Perth based employees who do not relocate to the Adelaide in 2013.

17. Business Combinations

On 6 June 2012 Cooper Energy Limited (the Company) pursuant to an off market takeover offer dated 7 May 2012 acquired 92.74% of the shares in Somerton Energy Limited (Somerton) and then invoked the Compulsory Acquisition provisions of the Corporations Act 2001 (Cth) to acquire 100% of the share capital in Somerton in July 2012.

The purpose of the acquisition was to increase the Company's Australian exploration interests including exploration tenements in the Otway Basin in South Australia and Gippsland Basin in Victoria.

The consideration for the acquisition of Somerton comprised the following;

1) One Cooper Share for every 2.8 Somerton Shares (all shares alternative); or
2) One Cooper Share for every 4.73 Somerton Shares plus 9 cents for each Somerton share (shares and cash alternative).

Somerton shareholders who did not elect their preferred option received the all shares alternative as consideration.

17. Business Combinations (continued)

The Company has recognised the fair values and identifiable assets and liabilities of Somerton Energy Limited as follows;

	Fair value at acquisition date $'000's	Carrying value $'000's
Current assets		
Cash and cash equivalents	7,081	7,081
Trade and other receivables	116	116
Prepayments	200	200
Total current assets	7,397	7,397
Non-current assets		
Available for sale financial assets	325	325
Term deposits at bank	15	15
Property, plant and equipment	20	20
Exploration and evaluation expenditure	20,963	9,885
Total non-current assets	21,323	10,245
Total Assets	28,720	17,642
Current liabilities		
Trade and other payables	2,008	2,008
Provisions	18	18
Total current liabilities	2,026	2,026
Non-current liabilities		
Deferred tax liability	1,215	1,215
Provisions	156	156
Total non-current liabilities	1,371	1,371
Total Liabilities	3,397	3,397
Total identifiable net assets at fair value	25,323	
Acquisition-date fair-value of consideration transferred:		
Shares issued at fair value	15,132	
Cash Consideration	9,612	
Accrual (minority interest not yet acquired)	579	
	25,323	
The cash outflow on acquisition is as follows:		
Net Cash acquired with the subsidiary	7,081	
Cash Paid	(9,612)	
	(2,531)	
Transaction costs attributable to acquisition of Somerton	1,005	

The assessed fair values of shares issued as consideration were determined by theprevailing share price on the date of acquisition.

The consolidated statement of comprehensive income includes a net loss of $320,000 as a result of the acquisition of Somerton Energy Limited. If the acquisition of Somerton occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have included a net loss of $3,533,000.

18. Contributed Equity and Reserves

	Consolidated 2012 $'000	Consolidated 2011 $'000
Share capital		
Ordinary shares		
Issued and fully paid	113,877	98,657

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

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

	Thousands	$'000
Movement in ordinary shares on issue		
At 1 July 2011	292,576	98,657
Issuance of shares to a consultant	215	88
Issue of shares for the acquisition of Somerton Energy Ltd	34,538	15,132
At 30 June 2012	327,329	113,877

Share options

The Group has a share based payment option scheme under which options to subscribe for the parent entity's shares have been granted to key management personnel and senior employees (refer note 22).

Reserves

	Consolidation reserve $'000	Share based payment reserve $'000	Option premium reserve $'000	Available for sale investment reserve $'000	Total $'000
Consolidated					
At 30 June 2010	(541)	2,528	25	-	2,012
Share-based payments	-	115	-	-	115
At 30 June 2011	(541)	2,643	25	-	2,127
Other comprehensive income	-	-	-	(1,995)	(1,995)
Share-based payments	-	476	-	-	476
At 30 June 2012	(541)	3,119	25	(1,995)	608

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.

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 market to market movement in the value of shares held in companies listed on a public exchange.

Retained earnings

	Consolidated	
	2012 $'000	2011 $'000
Movement in retained earnings were as follows:		
Balance 1 July	**14,079**	24,428
Net profit/(loss) for the year	**8,381**	(10,349)
Balance at 30 June	**22,460**	14,079

Capital Management

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

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

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, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring exposure to foreign exchange risk and assessments of market forecast for interest rate, foreign exchange and commodity prices. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

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

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.

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

	Carrying amount		Fair value	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Consolidated				
Financial assets				
Cash and cash equivalents	**59,010**	51,891	**59,010**	51,891
Term deposits	**2,451**	20,467	**2,451**	20,467
Available for sale investments	**13,203**	-	**13,203**	-
Trade and other receivables	**11,973**	16,076	**11,973**	16,076
Financial liabilities				
Trade and other payables	**12,332**	7,817	**12,332**	7,817

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 valuation technique for determining and disclosing the fair value of the available for sale investments is the quoted prices on a prescribed equity stock exchange and hence is a level 1 fair value hierarchy.

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

Trade and other receivables

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

19. Financial Risk Management Objectives and Policies (continued)

Risk Exposure and Response

Market Risk

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

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

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

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

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

	Consolidated	
	2012 $'000	2011 $'000
Financial assets		
Cash	317	85
Term deposits at bank	2,429	908
Trade and other receivables (current and non current)	10,812	15,356
Financial liabilities		
Trade and other payables	561	956

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. The 13% sensitivity in 2012 is based on the median changes over the previous two financial years.

	Impact on after tax profit	
	2012 $'000	2011 $'000
If the Australian dollar were higher at the balance date	(1,505)	(1,771)
If the Australian dollar were lower at the balance date	1,955	2,300

	Impact on other comprehensive income	
	2012 $'000	2011 $'000
If the Australian dollar were higher at the balance date	-	-
If the Australian dollar were lower at the balance date	-	-

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

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

The Group 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 three 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 & Poors AA credit rating. 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 liquid 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 $12,332,000 (2011: $7,817,000) are payable within normal terms of 30 to 90 days.

Interest rate risk
The Group has no borrowings at 30 June 2012 (2011: $ nil) nor has the Group drawn and repaid any loans from a financial institution during the reporting period.

It has no undrawn credit facilities with any financial institution.

	Impact on after tax profit	
	2012 $'000	2011 $'000
If the interest rate were 1% higher at the balance date	**550**	641
If the interest rate were 1% lower at the balance date	**(550)**	(641)

19. Financial Risk Management Objectives and Policies (continued)

Risk Exposure and Response (continued)

Market Risk (continued)

Interest rate risk (continued)

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

Share price risk

Share price risk arises from the movement of share prices on a prescribed stock exchange. The Group has 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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
If the share price were 35% higher at the balance date	**5,319**	-	**-**	-
If the share price were 35% lower at the balance date	**-**	-	**(5,319)**	-

20. Commitments And Contingencies

	Consolidated	
	2012 $'000	2011 $'000
Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:		
Within one year	**358**	340
After one year but not more than five years	**1,580**	1,913
After more than five years	**-**	-
Total minimum lease payments	**1,938**	2,253

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

21. Interest in Joint Venture Assets

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

		Ownership interest	
		2012	2011
a) Joint Ventures in which Cooper Energy Limited is the operator/manager			
Australia			
PEL 110	Oil and gas exploration	**20%**	20%
PEL 495	Oil and gas exploration	**65%**	50%
PEL 186	Oil and gas exploration	**33.33%**	-
PEP151	Oil and gas exploration	**75%**	-
Indonesia			
Sukananti KSO	Oil and gas exploration and production	**55%**	55%
Sumbagsel PSC	Oil and gas exploration	**100%**	100%
Tunisia			
Bargou Exploration Permit	Oil and gas exploration	**30%**	85%
Nabeul Exploration Permit	Oil and gas exploration	**85%**	85%
b) Joint Ventures in which Cooper Energy Limited is not the operator/manager			
Australia			
PEL 90	Oil and gas exploration	**25%**	25%
PEL 92	Oil and gas exploration and production	**25%**	25%
PEL 93	Oil and gas exploration and production	**30%**	30%
PEL 100	Oil and gas exploration	**19.167%**	19.167%
PEP 150	Oil and gas exploration	**20%**	-
PEP 168	Oil and gas exploration	**50%**	-
PEP 171	Oil and gas exploration	**25%**	-
Tunisia			
Hammamet Exploration Permit	Oil and gas exploration	**35%**	35%
Poland			
MUA 1, 2, & 3	Oil and gas exploration	**40%**	40%

21. Interest in Joint Venture Assets (continued)

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

	Consolidated	
	2012 $'000	2011 $'000
ASSETS		
Current Assets		
Trade and other receivables	**1,729**	6,929
Materials	**189**	273
Prepayments	**98**	-
Total Current Assets	**2,016**	7,202
Non-Current Assets		
Oil properties	**19,188**	17,846
Exploration and evaluation	**42,546**	21,300
Total Non-Current Assets	**61,734**	39,146
LIABILITIES		
Trade and other payables	**814**	4,017
Total Current Liabilities	**814**	4,017
NET ASSETS	**62,936**	42,331
Revenue	**59,606**	39,121
Production expenses	**13,109**	8,133
Royalties	**5,053**	3,893
Amortisation of exploration areas under production	**2,604**	1,065
Amortisation of development costs in areas of production	**6,918**	3,157
Exploration and development write offs	**1,732**	19,306

Refer to note 20 for details of joint venture contingencies.

22. Related Parties

The Group has a related party relationship with its subsidiaries, joint ventures (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 L.J. Shervington (Chairman)	Mr D.P. Maxwell
Mr J.W. Schneider	Mr H.M. Gordon
Mr N. Fearis (Alternate Director to Mr Shervington from 4 November 2011 to 19 March 2012	
Non-Executive Director's who resigned during the year	**Executive Director's who resigned during the year**
Mr C.R. Porter	Mr G.G. Hancock
Mr S.H. Abbott	
Senior Employees at year end	
Mr J.A. Baillie (Chief Financial Officer)	Mr A.A. Warton (Development Manager)
Mr S.K. Twartz (Exploration Manager)	Mr S.F. Blenkinsop (Legal and Commercial Manager)
Senior Employees who resigned during the year	
Mr M.T. Scott (Chief Operating Officer)	

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

	Consolidated	
	2012 $	2011 $
Short-term benefits	**2,100,002**	3,416,525
Long-term benefits	**86,428**	63,653
Post-employment benefits	**104,953**	139,866
Performance Rights	**342,266**	-
Early Termination payments	**402,950**	-
Share-based payments	**-**	105,217
Total	**3,036,599**	3,725,261

Individual Directors' and Executives' compensation disclosures

Information regarding individual Directors' and Executives' compensation and some equity instruments disclosures is provided in the Remuneration Report section of the Directors' report on pages 15 to 36.

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

22. Related Parties (continued)

Individual Directors' and Executives' compensation disclosures (continued)

During the year Lexwan Pty Ltd, a company controlled by Mr Maxwell, was engaged to provide strategic consultancy services to the Company. Fees paid for these services totalled $135,483. The contract with Lexwan Pty Ltd was terminated on the 11 October 2011.

Options over equity instruments

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

	Held at 1 July 2011	Granted	Expired / lapsed at maturity or on termination	Held at 30 June 2012	Vested during the year	Vested and exercisable
Directors						
Mr G.G. Hancock	3,000,000	-	3,000,000	-	-	-
Executives						
Mr J.A. Baillie	600,000	-	600,000	-	-	-
Mr M.T. Scott	5,000,000	-	5,000,000	-	-	-

	Held at 1 July 2010	Granted	Expired / lapsed at maturity or on termination	Held at 30 June 2012	Vested during the year	Vested and exercisable
Directors						
Mr G.G. Hancock	3,000,000	-	-	3,000,000	1,000,000	3,000,000
Executives						
Mr M.T. Scott	6,900,000	-	1,900,000	5,000,000	1,666,667	5,000,000
Mr J.A. Baillie	675,000	-	75,000	600,000	166,667	600,000

Performance rights

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

	Held at 1 July 2011	Granted	Forfeited on termination	Vested during the year	Exercisable	Held at 30 June 2012
Directors						
Mr D.P. Maxwell	-	1,647,713	-	-	-	1,647,713
Executives						
Mr S. Twartz	-	732,605	-	-	-	732,605
Mr A. Warton	-	569,021	-	-	-	569,021
Mr S.F. Blenkinsop	-	529,788	-	-	-	529,788
Mr J.A, Baillie	-	454,952	-	-	-	454,952

Movement in shares

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

	Held at 1 July 2011	Purchases	Received on exercise of options	Sales	Held at 30 June 2012
Directors					
Mr L. J. Shervington	405,933	-	-	-	405,933
Mr C.R Porter	525,933	-	-	-	Resigned
Mr G.G. Hancock	2,600,001	-	-	-	Resigned
Mr S.H. Abbott	60,000	-	-	-	Resigned
Mr D.P. Maxwell	-	935,527	-	-	935,527
Mr J.W. Schneider	-	300,000	-	-	300,000
Mr H.M. Gordon	-	176,608	-	-	176,608
Executives					
Mr M.T. Scott	751,500	-	-	-	Resigned
Mr S.F. Blenkinsop	160,933	-	-	158,000	2,933

22. Related Parties (continued)

Movement in shares (continued)

	Held at 1 July 2010	Purchases	Received on exercise of options	Sales	Held at 30 June 2011
Directors					
Mr L. J. Shervington	405,933	-	-	-	405,933
Mr C.R Porter	525,933	-	-	-	525,933
Mr G.G. Hancock	2,600,001	-	-	-	2,600,001
Mr S.H. Abbott	60,000	-	-	-	60,000
Executives					
Mr M.T. Scott	751,500	-	-	-	751,500
Mr S.F. Blenkinsop	75,933	85,000	-	-	160,933
Mr C.D. Todd	207,865	-	-	-	Resigned

Shares held by key management personnel's related parties

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

	Held at 1 July 2011	Purchases	Received on exercise of options	Sales	Held at 30 June 2012
Directors					
Mr C.R Porter	525,933	-	-	-	Resigned
Mr M.T. Scott	740,000	-	-	-	Resigned
Mr G.G. Hancock	875,001	-	-	-	Resigned
Mr S.H. Abbott	60,000	-	-	-	Resigned

	Held at 1 July 2010	Purchases	Received on exercise of options	Sales	Held at 30 June 2011
Directors					
Mr C.R Porter	525,933	-	-	-	525,933
Mr G.G. Hancock	875,001	-	-	-	875,001
Mr S.H. Abbott	60,000	-	-	-	60,000
Executives					
Mr M.T. Scott	740,000	-	-	-	740,000

Notes to the Financial Statements (continued)

For the year ended 30 June 2012

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	
		2012 %	2011 %
Cooper Energy Sukananti Limited	British Virgin Islands	100%	100%
Cooper Energy Sumbagsel 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	92.7%	-
Essential Petroleum Exploration Pty Ltd	Australia	100%	-
CE Poland Coopertief UA	Netherlands	99%	99%
CE Polska sp z.o.o.	Poland	100%	100%

Joint Venture

During the reporting period, the Group provided geological and technical services to joint ventures it manages at a cost of $202,000 (2011: $234,000). At the end of the financial period, $nil was outstanding for these services (2011: $98,000).

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

23. Share Based Payment Plans

On 16 December 2011 shareholders of the parent entity 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.

The first issue under the plan was made on the 20 January 2012.

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.

23. Share Based Payment Plans (continued)

The vesting test is two parts. Up to 25% of the eligible rights to vest are determined from the absolute total shareholder return of the parent entity'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 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 the parent entity's share price against a weighted basket of absolute total shareholder returns of peer companies listed on the Australian Stock Exchange. If the return is less than 50% of peer companies no rights will vest. If the return is between 50% and 75% rights the eligible rights that will vest will be 37.5% and 56.25%. If the return is greater than 75% up to 75% 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:

Granted in the year ended	Number of rights granted	Average share price at commencement date of grant (cents)	Average contractual life of rights at grant date in years
30 June 2012	5,855,831	$0.365	3

The number and weighted average exercise prices of performance rights held by employees is as follows:

	Number of rights	Number of rights
	2012	2011
Balance at beginning of year		
- granted	5,855,831	-
- exercised	-	-
- expired and not exercised	-	-
- forfeited following employee resignation	-	-
Balance at end of year	5,855,831	-
Exercisable at end of year	nil	-

During the financial year, no rights were vested or exercised (2011: nil).

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 allowed for the incorporation of market based performance hurdles that must be met before the shares vests to the holder.

Fair value assumptions	20 January 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%

24. Auditor's Remuneration

	Consolidated	
	2012 $	2011 $
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	**171,650**	173,675
Other services	**20,000**	-
	191,650	173,675
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	**-**	-
	191,650	173,675

25. Parent Entity Information

	Parent Entity	
	2012 $'000	2011 $'000
Information relating to Cooper Energy Limited		
Current Assets	**64,472**	79,735
Total Assets	**160,598**	128,422
Current Liabilities	**15,223**	7,346
Total Liabilities	**21,878**	12,545
Issued capital	**113,877**	98,657
Retained profits	**23,694**	14,551
Option premium reserve	**25**	25
Unrealised (loss)/gain on available for sale financial assets	**(1,995)**	-
Share based payment reserve	**3,119**	2,644
Total shareholders' equity	**138,720**	115,877
Profit/(loss) or loss of the parent entity	**9,143**	(9,765)
Total comprehensive income of the parent entity	**23,694**	14,551
Commitments and Contingencies		
Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:		
Within one year	**358**	340
After one year but not more than five years	**1,580**	1,913
After more than five years	**-**	-
Total minimum lease payments	**1,938**	2,253

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

26. Events after the Reporting Period

Subsequent to 30 June 2012 a wholly owned subsidiary of the Company increased its holding in Bass Strait Oil Company from 18,070,272 shares to 74,296,214 shares by participating in a placement of 56,205,942 shares for $843,089.

In addition, the wholly owned subsidiary undertook to sub-underwrite the issue of 28,862,795 shares at 1.5 cents per share in a 1 for 6 non renounceable entitlement issue in Bass Strait Oil Company. The maximum amount that can be called in terms of the sub-underwriting agreement is $432,942 in September 2012.

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 2012 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 2012.

Signed is accordance with a resolution of the Directors.

Mr David P. Maxwell
Director
30 August 2012

Ernst & Young

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Independent audit 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 2012, 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(b), 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 2012 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(b).

Report on the remuneration report

We have audited the Remuneration Report included in pages 16 to 32 of the directors' report for the year ended 30 June 2012. 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 2012, complies with section 300A of the Corporations Act 2001.

Ernst & Young

G A Buckingham
Partner
Perth
30 August 2012

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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 year ended 30 June 2012, 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

G A Buckingham
Partner
Perth
30 August 2012

Securities Exchange and Shareholder Information

As at 31 August 2012

Listing

The company's shares are quoted on the Australian Securities Exchange under the code of "COE".

Number of Shareholders

There were 5,669 shareholders. All issued shares carry voting rights. On a show of hands every member at a meeting of shareholders shall have one vote and upon a poll each share shall have one vote.

Distribution of Shareholding

Size of Shareholding	Number of holders	Number of Shares	% of issued capital
1-1,000	1,008	320,967	0.10
1,001 – 5,000	1,654	4,886,954	1.49
5,001 – 10,000	1,014	8,417,914	2.56
10,001 – 100,000	1,788	55,701,028	16.95
100,001 and over	205	259,367,394	78.90
Total	**5,669**	**328,694,257**	**100.00**

Distribution of Unquoted Options on Issue

ASX Code	Expiry Date	Exercise Price	Number of Shares	Number of holders
COEAS	31 December 2012	$1.00	100,000	1

Unquoted Performance Rights

Performance Rights	Number of Performance Rights Held	Number of Holders
Active	4,089,030	10
Cancelled	2,019,780	4
Total	**6,108,811**	**14**

Unmarketable Parcels

There were 1,016 members, representing 329,025 shares, holding less than a marketable parcel of 1,021 shares in the company.

Securities Exchange and Shareholder Information (continued)

As at 31 August 2012

Twenty Largest Shareholders

Rank	Name	Units at 31 Aug 2012	% of Units
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	49,841,007	15.16
2.	NATIONAL NOMINEES LIMITED	45,950,825	13.98
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,164,366	8.57
4.	BEACH ENERGY LIMITED	16,934,470	5.15
5.	ZERO NOMINEES PTY LTD	7,922,599	2.41
6.	CITICORP NOMINEES PTY LIMITED	6,536,866	1.99
7.	CAIRNGLEN INVESTMENTS PTY LTD <WOODFORD SUPER FUND A/C>	6,152,565	1.87
8.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	5,242,032	1.59
9.	BNP PARIBAS NOMS PTY LTD <MASTER CUST DRP>	3,354,571	1.02
10.	CAIRNGLEN INVESTMENTS PTY LTD <WOODFORD SUPER FUND A/C>	3,071,721	0.93
11.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,798,521	0.85
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,783,617	0.85
13.	KAVEL PTY LTD <KLEEMANN FAMILY A/C>	2,768,482	0.84
14.	TOKEN NOMINEES PTY LTD	2,651,050	0.81
15.	KELLYVALE NOMINEES PTY LTD	2,571,303	0.78
16.	MIRRABOOKA INVESTMENTS LIMITED	2,500,000	0.76
17.	CELTIC TRUST COMPANY LTD <THREE SISTERS GLOBAL EN A/C>	2,258,525	0.69
18.	BFQ NOMINEES PTY LTD	2,225,000	0.68
19.	BFQ NOMINEES PTY LTD	2,165,728	0.66
20.	BRESRIM PTY LTD <D A HANNES SUPER FUND #2 A/C>	1,610,970	0.49
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	197,504,218	60.09

Substantial Shareholder

Beach Energy Limited holds 31,270,694 shares which represents 9.51% of issued share capital.

Paradice Investment Management Pty Limited holds 26,763,434 shares which represents 8.14% of issued share capital.

National Australia Bank Limited holds 21,888,112 shares which represent 6.66% of issued share capital.

Kinetic Investment Partners Limited holds 20,924,029 shares which represents 6.37% of issued share capital.

Acorn Capital Limited holds 16,738,831 shares which represents 5.09% of issued share capital.

Securities Exchange and Shareholder Information (continued)

As at 31 August 2012

Share Registry

All shareholding related enquiries should be directed only to the company's registry :-
Computershare Investor Services Pty Limited
GPO BOX 2975
Melbourne VICTORIA 3001

Other contact details are
Telephone: 1300 557 010
Facsimile: 08 9323 2033
Email: webqueries@computershare.com.au

All written queries should include your Holder Identification Number (HIN) or Security holder Reference Number (SRN) as it appears on your Holding Statement along with your current address.

It is very important that shareholders notify Computershare immediately, in writing, of any change to their registered address.

Any change in name should also be notified to Computershare in writing and attach a certified copy of the relevant marriage certificate or deed poll.

Publications and further information

The Annual Report will be mailed in October 2012 to those shareholders who have advised the company that they wish to receive a copy. Shareholders can also request the half-year report in March 2013.

Further information about the company can be obtained from the company's website at www.cooperenergy.com.au.

Annual General Meeting

The 11th Annual General Meeting will be held at 10:00am (AWST) on Friday, 9 November 2012 at the Hyatt Regency Perth, 99 Adelaide Terrace, Perth WA 6000. Full details of the meeting are contained in the Notice of Annual General Meeting.

Shareholders' calendar

2012 full year results announcement	31 August 2012
Annual General Meeting	9 November 2012
Half-year end	31 December 2012
2012 Half-year announcement	28 February 2013
Full year end	30 June 2013
2013 full year results announcement	30 August 2013

Quarterly Reporting Calendar

2012/13 First quarter activities report	31 October 2012
2012/13 Second quarter activities report	31 January 2013
2012/13 Third quarter activities report	30 April 2013
2012/13 Fourth quarter activities report	31 July 2013

Statement on Corporate Governance

For the year ended 30 June 2012

This statement reports on Cooper Energy's ("Company") key governance framework, principles and practices as at 31 August 2012. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and best practice in corporate governance.

ASX corporate governance principles and recommendations

Cooper Energy, as a listed entity, must comply with the Corporations Act 2001 (Cth) ("Corporations Act"), the ASX Limited ("ASX") Listing Rules ("ASX Listing Rules") and other Australian laws.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Corporate Governance Principles and Recommendations ("ASX Principles") released by the ASX Corporate Governance Council. The ASX Principles require the Board to consider carefully the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles.

Compliance with ASX corporate governance principles and recommendations

Details of the Company's compliance with the ASX Principles are set out in this report.

For further information on the Company's Corporate Governance Policies please refer to Cooper Energy's website www.cooperenergy.com.au under Corporate Policies.

Statement on Corporate Governance (continued)

For the year ended 30 June 2012

ASX Principles Compliance

1.	**Lay solid foundations for management and oversight**	
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	COMPLY

Board role and responsibilities

The Board of Directors is accountable to shareholders for the performance of Cooper Energy and is responsible for the corporate governance practices of the Company. The Board's principal objective is to maintain and build the Company's capacity to generate value for shareholders taking into account the interests of its employees, customers, suppliers, lenders and the wider community while ensuring that the Company's overall activities are properly managed. Cooper Energy's corporate governance practices provide the structure which enables this objective to be pursued, whilst ensuring that the business and affairs of the Company are conducted ethically and in accordance with the Company's constitution and relevant law.

The roles and responsibilities of the Board are formalised in the Board Charter. The Board Charter defines in detail the matters that are reserved for the Board and its committees, and those that the Board has delegated to management. The central role of the Board is to oversee and approve the Company's strategic direction, to select and appoint a Managing Director ("MD"), to oversee the Company's management and business activities and report to shareholders.

In addition to matters expressly required by law to be approved by the Board, the following powers are reserved to the Board for decision:

- strategy – providing strategic oversight and approving strategic plans and initiatives;
- Board performance and composition – evaluating the performance of non-executive directors, and determining the size and composition of the Board as well as recommending to shareholders the appointment and removal of directors;
- leadership selection – evaluating the performance of, and selection of, the MD;
- corporate responsibility – considering the social, safety, ethical and environmental impacts of the Company's activities, and setting policy and monitoring compliance with safety, corporate and social policies and practices;
- financial performance – approving the Company's annual operating plans and budget, monitoring management, financial and operational performance;
- financial reports to shareholders – approving annual and half-year reports and disclosures to the market that contain, or relate to, financial projections, statements as to future financial performance or changes to the policy or strategy of the Company; and
- establishing procedures – ensuring that the Board is in a position to exercise its power and to discharge its responsibilities as set out in the Board Charter.

The Board delegates responsibility for day-to-day management of Cooper Energy to the MD who is accountable to the Board.

When appropriate, the Board may use a committee of directors to support the Board in matters that require more intensive review. The full Board is responsible for compliance and risk management issues and the Company has a Risk Management Policy.

The Board Charter is available in the corporate governance section of Cooper Energy's website

ASX Principles Compliance (Continued)

Board meetings

The Board schedule is to meet formally six times a year, and additionally, from time to time, to deal with specific matters that require attention between scheduled meetings. Meeting agendas are established by the Chairman in conjunction with the MD and Company Secretary to ensure adequate coverage of financial, strategic and major risk areas throughout the year. Typically, regular Board meetings include consideration of a broad range of matters, including financial performance reviews, risk assessment, capital management, prospective acquisitions and delegated authorities. Any director may request additional matters be added to the agenda.

Where required:

- Members of senior management attend meetings of the Board by invitation, and
- Sessions are also held for non-executive directors to meet without management present.

Copies of Board papers are circulated in advance of the meetings in either electronic or hard copy form. Directors are entitled to request additional information where they consider the information is necessary to support informed decision making.

Board committees and membership

The Board has currently three standing committees to assist in the discharge of its responsibilities. These are the:

- Audit Committee;
- Remuneration and Nomination Committee; and
- Corporate Governance Committee.

The charters of all Board committees detailing the roles and duties of each are available in the corporate governance section of Cooper Energy's website. All Board committee charters are reviewed at least annually.

Committee members are chosen for the skills, experience and other qualities they bring to the committees. The executive management attends, by invitation, Board committee meetings.

All papers considered by the standing committees are available on request to directors who are not on that committee.

Following each committee meeting, generally at the next Board meeting, the Board is given a verbal update by the Chair of each committee. In addition, minutes of all committee meetings are provided to all directors.

The Company Secretary provides secretariat services for each committee.

Professional advice, access to information and other resources

All directors have unrestricted access to Company records and information and receive detailed financial and operational reports from the Managing Director during the year that enables them to carry out their duties.

The directors collectively, and each director individually, have the right to seek independent professional advice at Cooper Energy's expense to assist them to carry out their responsibilities. While prior approval of the Chairman is required, it may not be unreasonably withheld and, in its absence, approval by the Board may be sought.

The constitution sets out rules dealing with the indemnification of and insurance cover for directors and former directors of Cooper Energy. Any such arrangements are undertaken in accordance with limitations imposed by law.

Conflicts of interest

Directors are required to disclose any actual or potential conflict or material personal interests on appointment as a director and are required to keep these disclosures up to date.

In the event that there is, or may be, a conflict between the personal or other interests of a director, then the director with an actual or potential conflict of interest in relation to a matter before the Board withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision making process.

Corporate responsibility and sustainability

Cooper Energy aims to produce positive outcomes for all stakeholders in managing its business and to maximise financial, social and environmental value from its activities.

In practise this means having a commitment to transparency, fair dealing, responsible treatment of employees and customers and positive links into the community.

Sustainable and responsible business practices within Cooper Energy are viewed as an important long term driver of performance and shareholder value. Through such practices the Company seeks to reduce operational and reputation risk and enhance operational efficiency while contributing to a more sustainable society.

The Company accepts that the responsibilities on the Board and management, which flow from this approach, go beyond strict legal and financial obligations.

In particular, the Cooper Energy Board seeks to take a practical and broad view of directors' fiduciary duties, in line with stakeholders' expectations.

1.2	Companies should disclose the process for evaluating the performance of senior executives.	COMPLY

The performance of the MD is reviewed annually by the Board and the Remuneration and Nomination Committee, which links the nature and amount of directors' and officers' emoluments to the consolidated entity's financial and operational performance. Remuneration of the MD is determined in accordance with Cooper Energy's executive compensation program, which is administered by the Remuneration and Nomination Committee.

Details of Cooper Energy's remuneration practice relating to key management personnel and senior employees are set out in full in the Directors' Statutory Report on pages 15 to 36.

1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	COMPLY

2. Structure the Board to add value

2.1	A majority of the Board should be independent directors.	DEPARTS FROM RECOMMENDATIONS

Board composition and expertise

The Board has an expansive range of relevant industry experience, commercial, legal, technical and other skills and expertise to meet its objectives.

The current Board composition and details on each of the director's backgrounds including experience, knowledge and skills are set out on page 15 of the Directors' Statutory Report.

The Board considers that the executive and non-executive directors collectively bring the range of skills, knowledge and experience necessary to direct the company.

In assessing the composition of the Board, the directors have regard to the following policies:

- the Chairman should be non-executive and independent;
- the role of the Chairman and MD should not be filled by the same person;
- the MD should be a full-time employee of the company;
- the majority of the Board should comprise directors who are both non-executive and independent; and
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the company.

Director independence

The criteria for assessing the independence of each director are included in Cooper Energy's Board Charter. Broadly, directors of Cooper Energy are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to interfere with – the independent exercise of their judgement.

The Board has considered the associations of each of the non-executive directors in office at the date of the Directors' Statutory Report and considers that all non-executive directors are considered independent.

The following directors of Cooper Energy are considered to be independent:

Name	Position
Mr L.J. Shervington	Non-Executive Chairman
Mr J.W. Schneider	Non-Executive Director

The Company recognises that the Board does not currently have a majority of directors who meet the test of independence under Recommendation 2. The Board is mindful of the Governance Principles and the preference for a majority of independent directors. The Board is considering the further appointment of one or more independent Non-Executive Directors.

2.2	The chair should be an independent director.	COMPLY

The Board elects one of the independent non-executive directors to be Chairman. The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the promotion of relations between Board members and between Board and management that are open, cordial and conducive to productive co-operation.

2.3	The roles of chair and Managing Director should not exercised by the same individual.	COMPLY

As stated in 2.1 above the Company has a policy that the role of the Chairman and Managing Director should not be filled by the same person.

2.4	The Board should establish a nomination committee.	DEPARTS FROM RECOMMENDATIONS

The Company has a Remuneration and Nomination Committee which considers nominations for appointment to the Board. The Board selects the most suitable candidates taking into account the diversity of experience among the existing directors and a range of criteria such as the candidate's background, experience, professional skills, personal qualities and availability to commit themselves to Board activities. An important quality sought in candidates is demonstrated experience in corporate decision-making at senior executive level.

Directors are appointed by shareholders at the AGM. If candidates are appointed by the Board between AGMs or to fill a casual vacancy, they stand for election, in accordance with the constitution, at the next AGM of shareholders.

In addition, nominations may be proposed by shareholders under the constitution for vote at the AGM. These nominations must be received in time to be submitted with notice of the AGM and inclusion in the proxy forms for voting by shareholders not able to attend the AGM.

The present membership of the Committee is:

- Mr J.W. Schneider (Chairman)
- Mr L.J. Shervington

These directors are independent and non-executive members of the Board.

The Committee met four times during the financial year. The directors and MD may attend Committee meetings by invitation.

The Company recognises that the Committee does not currently have at least three members as recommended and will address this should one or more independent Non-Executive Directors be appointed.

Terms of appointment, induction training and continuing education

All new directors will be provided with a formal letter of appointment setting out the key terms and conditions of the appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work.

A formal induction is provided to all new directors. It includes comprehensive meetings with the MD, key executives and management, and information on key corporate and Board policies.

All directors are expected to maintain the skills required to discharge their obligations to the Company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Company where appropriate.

Directors' retirement and re-election

Cooper Energy's constitution states that at each annual general meeting ("AGM") one third of its directors (excluding the Managing Director and any director appointed to fill a casual vacancy) and any director who has held office for three or more years since their last election must retire. At least one non-executive director must stand for election at each AGM.

Any director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Directors who retire as required may offer themselves for re-election by shareholders at the next AGM. Re-appointment of directors retiring by rotation or filling a casual vacancy is not automatic.

Board succession planning

The Board in conjunction with the Remuneration and Nomination Committee reviews the size and composition of the Board and the mix of existing and desired competencies across members from time to time. Criteria considered by the directors when evaluating prospective candidates are contained in the Board's Charter. The Board may engage with external search providers where appropriate.

2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	COMPLY

An annual Board self assessment review is conducted which includes a review of the performance of the directors and Chairman.

The Chairman of the Board is responsible for determining the process for evaluating Board performance.

2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	COMPLY

3.	**Promote ethical and responsible decision-making**	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity; and • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	COMPLY

The Company has a Corporate Governance Committee which has the responsibility to assist the Board to meet its oversight responsibilities in relation to the Company's Corporate Governance practices and policies, including but not limited to:

- ensuring that directors and staff understand and have complied with the Company's Corporate Governance Policies, and
- ensuring that the Company's Corporate Governance Policies are current and reflect current best practice.

The directors and MD may attend Committee meetings by invitation.

The present membership of the Committee is:

- Mr L.J. Shervington (Chairman)
- Mr J.W. Schneider

These directors are independent and non-executive members of the Board.

The Committee met three times during the financial year. The directors and MD may attend Committee meetings by invitation.

Health and safety

The Board has approved a Health and Safety Policy consistent with the Company's commitment to ensuring the highest standards of occupational health and safety management. The health, safety and wellbeing of Cooper Energy's people, contractors, suppliers and visitors are key values for the Company.

Statement on Corporate Governance (continued)

For the year ended 30 June 2012

Codes of conduct

Cooper Energy has established a Code of Conduct to guide executives, management and staff in carrying out their duties and responsibilities. The Code is subject to ongoing review to ensure that Cooper Energy's standards of behaviour and corporate culture reflect best practice in corporate governance. The Code is based on the following key principles:

- acting with honesty and integrity
- abiding by laws and regulations
- respecting confidentiality and handling information in a proper manner
- maintaining the highest standards of professional behaviour
- avoiding conflicts of interest
- striving to be a good corporate citizen and to achieve community respect

Cooper Energy also has a number of specific policies that underpin the Code of Conduct and elaborate on various legal and ethical issues. These policies are designed to foster and maintain ethical business conduct within Cooper Energy, and govern such things as workplace and human resources practices, handling of confidential information, insider trading, risk management and legal compliance.

In addition, the Board has guidelines dealing with disclosure of interests by directors in participating and voting at Board meetings where any such interests are discussed. In accordance with the Corporations Act, any director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered, and may not vote on the matter.

Compliance with the Code of Conduct by directors and employees will also assist the Company in effectively managing its operating risks and meeting its legal and compliance obligations, as well as enhancing Cooper Energy's corporate reputation.

A copy of the Code of Conduct is available in the corporate governance section of the Company's website.

Whistleblower policy

The Board has approved a Whistleblower Policy which documents the Company's commitment to maintaining an open working environment in which employees are able to report instances of unsafe work practices, unethical, unlawful or undesirable conduct without fear of intimidation or reprisal.

A copy of the Whistleblower policy is available in the corporate governance section of the companies website.

3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	DEPARTS FROM RECOMMENDATIONS

The Company's policy regarding equal employment opportunity & diversity is set out on the Company's website. The Company's Equal Employment Opportunity & Diversity Policy does not include measureable objectives as the Board believes that the Company will not be able to successfully meet these given the size and stage of development of the Company.

3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	DEPARTS FROM RECOMMENDATIONS

Given the size of the Company the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Equal Employment Opportunity & Diversity Policy.

3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	COMPLY

For the 2012 financial year, the Company had a total of 22 women employees out of a total of 52 employees and contractors. 1 female employee out of a total of 5 employees and contractors in senior executive positions and no women on the Board.

3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	COMPLY
4.	**Safeguard integrity in financial reporting**	
4.1	The Board should establish an audit committee.	COMPLY

The Company has an Audit Committee which has overseen throughout the year all matters concerning compliance, internal control, accounting policies and financial reporting including reviewing the half-year and annual financial statements. The Audit Committee monitors the relationship with the external auditor and makes recommendations to the Board on the appointment and removal of the external auditor, the terms of engagement, and the scope and quality of the audit. The Committee also reviews the adequacy and effectiveness of management's control of financial risk in relation to operational activities, financial reporting and legal and regulatory compliance.

The external auditors, directors, MD and Chief Financial Officer may attend Committee meetings by invitation.

The Committee met four times during the financial year.

4.2	The audit committee should be structured so that it: • consists of only non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the Board; and • has at least three members.	DEPARTS FROM RECOMMENDATIONS

The present membership of the Audit Committee is:

- Mr J.W. Schneider (Chairman).
- Mr L.J. Shervington

These directors are independent and non-executive members of the Board.

The Company recognises that the Committee does not currently have at least three members as recommended and will address this should one or more independent Non-Executive Directors be appointed.

4.3	The audit committee should have a formal charter.	COMPLY

The Audit Committee has a Charter which is available in the corporate governance section of Cooper Energy's website.

Approach to audit and governance

The Board is committed to the basic principles that:

- Cooper Energy's financial reports represent a true and fair view;
- Cooper Energy's accounting practices are comprehensive, relevant and comply with applicable accounting standards, policies and regulations; and
- the external auditor is independent and serves shareholders' interests.

External auditor relationship

The Company's independent external auditor is Ernst & Young ("EY").

The Board monitors EY's rotation requirements of the audit partner, currently at least every five years, and the requirement which prohibits the reinvolvement of a previous audit partner in the audit service of Cooper Energy for two years following their rotation.

The Board also ensures receipt of the auditor's Declaration of Independence for the half year and annual financial statements.

Attendance of auditor at the AGM

Cooper Energy's external auditor attends the AGM and is available to answer questions from shareholders on:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by Cooper Energy in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	COMPLY

5.	**Make timely and balanced disclosure**	
5.1	Companies should establish written policies designed to ensure compliance and ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	COMPLY

The Board has established and adopted a Continuous Disclosure Policy to outline the disclosure obligations of the Company as required by ASIC, ASX, the Corporations Act and the ASX Listing Rules. The Company is committed to:

- complying with the general and continuous disclosure principles contained in the ASX Listing Rules and the Act;
- preventing the selective or inadvertent disclosure of material price sensitive information;
- ensuring that shareholders and the market are provided with full and timely information about its activities; and
- ensuring that all market participants have equal opportunity to receive externally available information issued by the Company.

A copy of the Continuous Disclosure Policy is available in the corporate governance section of the Company's website.

5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	COMPLY

6.	**Respect the rights of shareholders**	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	COMPLY

The Company has always regarded communication with shareholders as important and the Board has established and adopted a formal Shareholder Communication Policy to ensure that shareholders are provided with current, relevant information and are empowered through effective communication.

Cooper Energy is committed to giving all investors comprehensive, timely and equal access to information about its activities. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares in Cooper Energy.

A wide range of communication approaches are employed by the Company and publication of all relevant information is posted on the ASX announcements platform and Cooper Energy's website.

Cooper Energy's Board encourages investors to access the ASX announcements platform, use Cooper Energy's website, contact the Board or MD via the website email portal or by telephone, attend the AGM and keep up to date with media articles on the Company.

A copy of the Shareholder Communication Policy is available in the corporate governance section of the Company's website.

6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	COMPLY

7.	**Recognise and manage risk**	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	COMPLY

Cooper Energy's Board functions well and has mindfully undertaken all of its responsibilities with due care, focus and diligence and continues to apply high standards of corporate and financial governance to the Company. To ensure that directors are fully informed and have the opportunity to dissect, understand and challenge matters, operational and administration activities, risk and financial management and corporate governance are line items at every Board meeting.

Working with the Managing Director and the Executive Director, the Board also ensures that the Company's planning and approval processes, the application of strategy and the management of the risks inherent to the oil and gas industry are all addressed appropriately in the Company's day-to-day work activities. Shareholders will also be aware of the Company's commitment to clear and continuous disclosure - demonstrated by the transparency of the Company's timely financial reports and operational announcements.

The Board and senior executives are responsible for overseeing the implementation of the Company's Risk Management Policy.

7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	COMPLY

The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks that the Board and management believe that the Company may encounter. Once the risks have been identified, the risks are then quantified in terms of their severity, the probability of occurring and the potential impact or damage they may have if they do occur. The analysis is undertaken using a Frequency Probability Matrix, which is a well accepted oil industry risk management technique. Once the risks have been identified the Company can then decide on whether to avoid, manage, insure or transfer these risks.

The executive management team is responsible for implementation of the Board approved risk management strategy and developing and enhancing the Company's policies, processes and procedures.

In general there are a large number of risks inherent in the oil and gas industry and they can broadly be classed under the following categories:

- Technical
- Economic
- Commercial
- Operational
- Political

7.3	The Board should disclose whether it has received assurance from the Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	COMPLY

The Board receives regular reports about the financial condition and operational results of Cooper Energy and its controlled entities.

The MD and Chief Financial Officer provide a formal statement to the Board confirming that the Company's annual financial reports present a true and fair view, in all material respects, and the group's financial condition and operational results have been prepared in accordance with the Corporations Act and relevant accounting standards.

The statement also confirms that the integrity of the Company's financial statements and notes to the financial statements, is founded on a sound system of risk management and internal compliance and control which implements the policies approved by the Board, and that the Company's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	COMPLY

8.	**Remunerate fairly and responsibly**	
8.1	The Board should establish a remuneration committee.	COMPLY

The Remuneration and Nomination Committee reviews remuneration policies and practices, approves the reward levels for the executive management group, approves merit recognition arrangements, such as cash bonuses and the issue of staff options/performance rights, and makes recommendations to the Board on the remuneration of the directors, including the Managing Director. When appropriate, the Committee consults independent remuneration consultants to ensure that Cooper Energy's remuneration practices are consistent with market practice. The Committee also assists in the appointment of non-executive directors to the Board.

The directors and Managing Director and Executive Director may attend Committee meetings by invitation.

Refer to 2.4 above for further information on the Remuneration and Nomination Committee.

8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	DEPARTS FROM RECOMMENDATIONS

The present membership of the Committee is:

- Mr J.W. Schneider (Chairman)
- Mr L.J. Shervington

These directors are independent and non-executive members of the Board.

The Committee met four times during the financial year. The Managing Director and Executive Director may attend Committee meetings by invitation.

The Company recognises that the Committee does not currently have at least three members as recommended and will address this should one or more independent Non-Executive Directors be appointed.

Refer to 2.4 above for further information on the Remuneration and Nomination Committee.

8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	COMPLY

The total of directors' fees available to directors is fixed by the shareholders in General Meeting. Payments in the current year were within the limit of $325,000.

The Remuneration and Nomination Committee determines the scale of fees for individual directors, taking account of the responsibilities inherent in the stewardship of Cooper Energy and the demands made of directors in the discharge of their responsibilities. The Committee may take independent external advice to ensure remuneration accords with market practice via peer review.

The Remuneration and Nomination Committee links the nature and amount of directors' and officers' emoluments to the consolidated entity's financial and operational performance. Remuneration of the Managing Director is determined in accordance with Cooper Energy's executive compensation program, which is administered by the Remuneration and Nomination Committee.

There is no scheme for retirement benefits, other than statutory superannuation to directors.

Details of Cooper Energy's remuneration practice relating to directors' fees and other entitlements paid to non-executive directors, directors, key management personnel and senior employees are set out in full in the Directors' Statutory Report on pages 15 to 36.

8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	COMPLY

Directors are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity based remuneration scheme.

Listing Rules

Listing Rule 4.10 Additional Information to be included by all entities

Set out below is a cross reference to pages in the Annual Report for items that need to be disclosed in the annual report, as defined by the ASX listing rules.

Rule	Description	Page
4.10.3	Corporate Governance Statement	98
4.10.4	Names of substantial shareholders	96
4.10.5	Number of holders of each class of equity securities	95
4.10.6	Voting rights attached to each class of share	95
4.10.7	Distribution schedule of each class of share	95
4.10.8	Number of holders of less than a marketable share parcel	95
4.10.9	Names of 20 largest shareholders	96
4.10.10	Name of company secretary	16
4.10.11	Address and telephone number of registered office	Inside Cover
4.10.12	Name, address and telephone number of share registry	Inside Cover
4.10.13	Stock exchanges on which the shares are listed	95
4.10.14	Shares in voluntary escrow	N/A
4.10.15	Mining tenements and where they are held	11
4.10.16	Details of unquoted options and performance rights	95
4.10.17	Review of operations	33
4.10.18	Details of current on market buy back	N/A
4.10.19	First two annual reports after listing	N/A
4.10.20	Investment entity	N/A
4.10.21	Issues from Section 611 of Corporations Act	N/A

Listing Rule 5.11: Person Compiling Information about Hydrocarbons

In relation to any reported recoverable hydrocarbons, pursuant to the requirements of the ASX Listing Rules 5.11, 5.11.1, 5.12 and 5.13, the reported recoverable hydrocarbon estimates are based on information compiled by Mr Hector Gordon. Mr Gordon is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers. Mr Gordon has worked in the industry as a practising petroleum geologist for over 30 years. Mr Gordon is employed full time by Cooper Energy as an Executive Director Exploration and Production and has consented in writing to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Glossary of Terms

(Abbreviated list to cover terms used in this annual report)

Term	Explanation or Definition
Appraisal Well or Appraisal Drilling	A well that is being drilled into a discovered hydrocarbon accumulation to further understand the extent and size of the accumulation – usually denoted by "name-2", "name-3" etc. Appraisal wells can be drilled either before or after an accumulation has been developed. Appraisal wells can be abandoned after drilling or kept as future production wells. An Appraisal Well usually has a chance of success greater than an Exploration Well but less than a Development Well.
A$	Australian dollars.
Barrel or BBL or bbl	An oil field unit of volume. One barrel at standard conditions equals 158.9 litres.
Bscf or Bcf (gas volume)	Billions of standard cubic feet of gas. Equivalent to 1,000,000,000 standard cubic feet (nine zeros).
Cash	Cash in bank accounts, short term deposits and bank discounted bills of exchange that are held by the company. The most liquid of assets.
CY12 etc	Calendar Year 2012. From 1 January to 31 December.
Development Well or Development Drilling	A well that is being drilled into a reasonably well defined hydrocarbon accumulation. – usually denoted by "name-2", "name-3" etc. Development Wells are usually planned to exploit an accumulation of known hydrocarbons. The well usually has a chance of success greater than an Appraisal Well. It is usually expected that after drilling a Development Well it will be kept and converted into a Production Well. As nothing is certain in oil field drilling, Development Wells have an element of appraisal and as such Development Wells may also be termed Appraisal/Development Wells.
EBITDAX	Earnings before interest, tax, depreciation, amortisation and exploration. EBITDAX is an indicator of the raw earning power of the company – essentially net production revenue.
Exploration Permit	This is the legal instrument that allows an oil company to hold tenure or title to an area of ground and to explore for hydrocarbons. Cooper Energy holds Exploration Permits in Tunisia and Australia (see PELXXX). Once a commercial discovery has been made a portion of the Exploration Permit will usually be excised from the Exploration Permit and converted to a production area.
Exploration Well or Exploration Drilling	The first well that is drilled into a Prospect – usually denoted by "name-1". An exploration well is used to prove if hydrocarbons exist in a Prospect.
Flow-Line or Pipe-line	A cylindrical fiberglass or steel pipe used to transport oil or gas to a sales point. Usually a flow-line goes from a well head to the facilities and a flow-line or pipe-line from the facilities to the sales point. The terms flow-line and pipe-line can be used interchangeably but a pipe-line is usually considered more substantial is size than a flow-line.

Glossary of Terms (continued)

Term	Explanation or Definition
Franking Credits	In its simplest form it is corporation tax that has been paid to the Government of Australia but not yet given as a tax credit to investors via a dividend.
FY12 etc	Financial Year 2012. Cooper Energy's financial year is from 1 July to 30 June.
Hydrocarbon Value Chain	The simple sequential flow of work activities from New Ventures to Exploration to Appraisal to Development to Production to Sales. Usually all projects in the oil and gas industry follow this route.
Lead	An immature unpenetrated/undiscovered exploration target that is not yet ready for drilling. A Lead may be matured into a Prospect.
Market Capitalisation	On an undiluted basis it is defined as the number of issued shares multiplied by the share price – it is a measure of the value the market puts on a company. On a fully diluted basis it is defined as the number of issued shares plus the number of options multiplied by the share price. The option price should ideally be at a price equal or less than the current share price to be included in a fully diluted basis but this is sometimes ignored.
MM (oil volume) or mm (gas flow)	An oil field abbreviation for millions. This can sometime be confusing because S.I. nomenclature uses capital M for millions.
PELXXX	Petroleum Exploration Licence as used in South Australia e.g. PEL92.
P50 (and P90, Mean, Expected and P10)	When probabilistic Monte Carlo type evaluations are adopted, this is a statistical confidence level for an estimate. P50 is defined as 50% of estimates exceed the P50 estimate (and by definition, 50% of estimates are less than the P50 estimate). It is a good middle estimate. Mean and Expected (same level of measure just different names) usually lie about the P40-P30 levels in oil field evaluations and are therefore high estimates. P90 and P10 are low and high estimates respectively. P90 means 90% of the estimates exceed the P90 estimate. It does not mean that the estimate has a 90% chance of occurring – that is a very different concept. The central limit theorem indicates that the P50 estimate has more chance of occurring than the P90 and P10 estimates. Further explanation on statistical confidence levels can be found under Investor Education on Cooper Energy's website (www.cooperenergy.com.au).
PPLXXX	Petroleum Production Licence as used in South Australia e.g. PPL207. Once a commercial discovery has been made in a PEL the area of the discovery is excised out of the PEL and converted to a PPL.
Production	The volume of oil that is produced at the facilities. Production should ideally be stated at standard and stabilised conditions but sometimes it can be stated at non-standard or non-stabilised conditions (i.e. the oil has not been fully stabilised and still contains some light hydrocarbon fractions or is at a pressure and temperature that is not standard conditions).

Glossary of Terms (continued)

Term	Explanation or Definition
Production Sales	The volume of produced oil that has been sold to the buyer. Usually equal to Production minus fuel minus flare minus losses.
Production Well	An exploration, appraisal or development well that has successfully penetrated a hydrocarbon accumulation and has subsequently been prepared so that hydrocarbons can flow to the surface to be processed and sold.
Prospect	A reasonably mature unpenetrated/undiscovered exploration target. Usually a Prospect is ready to drill but there is a maturity grey area between a Lead and a Prospect – the Prospect simply being more mature than a Lead.
Proved, Probable, Possible	In deterministic evaluations; These are maturity and existence classification categories for recoverable hydrocarbons. Proved is usually well conformable, Probable is part of the continuous accumulation and Possible may exist. In probabilistic evaluations, these are uncertainty classification categories for recoverable hydrocarbons. Proved is usually defined as the P90 estimate for the whole discovered accumulation, Proved plus Probable is usually defined as the P50 estimate for the whole discovered accumulation and Proved plus Probable plus Possible is usually defined as the P10 estimate for the whole discovered accumulation. Care should be taken not to compare deterministic definitions with probabilistic definitions as they are not equivalent measures of recoverable hydrocarbons. Further information on these categories can be found in the Recoverable Hydrocarbon Reporting Guidelines on Cooper Energy's website (www.cooperenergy.com.au).
PSC	Abbreviation of Production Sharing Contract. This is the title instrument that allows an oil company to hold tenure to an area of ground and defines the work program associated with the area and the oil company's rights to any production or revenue. PSCs are used in many countries. In Tunisia the PSC allows the oil company to produce hydrocarbons after declaration of a commercial discovery. In Indonesia the PSC allows the oil company to explore for and produce hydrocarbons. Indonesia uses the PSC as the exploration and production instrument rather than issue separate exploration permits and production concessions.
Recoverable Oil Replacement Ratio	Defined as the amount of oil that has been added to the recoverable oil portfolio through the financial year divided by the amount of production. The ratio will be greater than one if more oil has been added to the portfolio than has been produced – the best result. A ratio greater than zero but less than one means that recoverable oil has been added to the portfolio but it is less than what was produced – an acceptable result. A ratio of zero means no recoverable oil has been added to the portfolio – not a good result. It is possible to go negative if no oil has been discovered during the year and/or if studies revise downwards the previous recoverable oil estimate – the worst result. Unless stated otherwise Cooper Energy usually states the ratio in relation to the Proved oil portfolio.

Glossary of Terms (continued)

Term	Explanation or Definition
Reserves and Resources	They are simply both names for recoverable hydrocarbons. Depending upon the standard adopted: Reserves are recoverable hydrocarbon estimates that are expected to be produced and sold in the future for economic gain. At a minimum, Reserves have usually been justified and approved for development. Resources are also recoverable hydrocarbon estimates but they are usually less technically, commercially or economically mature than Reserves and usually have not been justified for development. All recoverable hydrocarbons (and Reserves and Resources) need a descriptive prefix if the maturity, existence and uncertainty of the estimate is to be fully understood. i.e. Proved Reserves. Further information on recoverable hydrocarbon categories can be found in the Recoverable Hydrocarbon Reporting Guidelines on Cooper Energy's website (www.cooperenergy.com.au).
Stabilised Conditions	"Fresh" oil from wells is often under pressure (naturally or pumped) and usually contains substantial dissolved gases. This oil needs to be "stabilised" prior to storage, shipment or refining so that is becomes a safer product to handle. This means depressurising the oil, flashing off the gases and then running it through a process in order to set the oil to an agreed specification.
Standard Conditions	The benchmark pressure and temperature condition for measuring hydrocarbons in the petroleum industry – usually 60 °F (degrees Fahrenheit) and 14.7 pounds per square inch absolute (psia).
Sales Revenue	The Production Sales multiplied by the price that is received for each unit of sale i.e. 1 million barrels multiplied by US$100 per barrel equals US$100 million of revenue. Sales Revenue does not have deductions for operating costs or off-take costs.
Tscf or Tcf (gas volume)	Trillions of standard cubic feet of gas. Equivalent to 1,000,000,000,000 standard cubic feet (twelve zeros).
US$	United states dollars.
Unloading Station	When oil is trucked the Unloading Station is the destination point where oil is pumped out of the truck. Trucks are filled up at the Loading Station at the oil facilities before driving off to the Unloading Station.
Working Capital	Current Assets minus Current Liabilities.

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