COOPER ENERGY LIMITED

And its controlled entities

ABN 93 096 170 295

FINANCIAL REPORT

30 June 2020

Appendix 4E
Preliminary Final Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	30 June 2020 30 June 2019

Results for announcement to the market

	Percentage Change %	**Amount $'000 2020**	Amount $'000 2019
Revenue from ordinary activities	3%	**78,139**	75,543
Total loss for the period attributable to shareholders	(614%)	**(86,029)**	(12,051)
Net tangible assets per share (inclusive of exploration and development expenditure capitalised and excluding right-of-use assets and intangibles)		**20.9 cents**	26.7 cents

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

Review and Results of Operations

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

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Operations

Cooper Energy Limited ("Cooper Energy" or the "Company") generates revenue from the supply of gas to south-east Australia and oil production in the Cooper Basin. The Group's current operations and interests include:

- offshore gas production in the Gippsland Basin, Victoria from the Sole gas field
- offshore gas and gas liquids production in the Otway Basin, Victoria, from the Casino, Henry, Netherby ("Casino Henry") gas fields;
- non-operated onshore oil production and exploration from the western flank of the Cooper Basin;
- the Athena Gas Plant (previously known as the Minerva Gas Plant) in the onshore Otway Basin;
- the Manta gas and liquids field in the offshore Gippsland Basin;
- the Annie gas discovery in the offshore Otway Basin;
- exploration in the offshore and onshore Otway Basin; and
- exploration in the offshore Gippsland Basin.

The Company is the Operator of all of its offshore gas production, exploration and development activities and of the Athena Gas Plant.

Reserves and Contingent Resources

Proved and Probable Reserves (2P) as at 30 June 2020 are estimated at 49.9 million boe (barrels of oil equivalent) compared with 52.7 million boe at 30 June 2019. Contingent Resources (2C) as at 30 June 2020 are estimated at 34.9 million boe compared with 26.9 million boe at 30 June 2019. Details of reserves and resources and the movement from the previous year are available in the ASX announcement 'Reserves and Contingent Resources Update' of 31 August 2020.

	2P Proved and Probable Reserves			2C Contingent Resource		
As at 30 June 2020[1]	**Gas PJ**	**Oil & condensate MMbbl**	**Total MMboe**	**Gas PJ**	**Oil & condensate MMbbl**	**Total MMboe**
Gippsland Basin	237.5	0.0	38.8	134.8	3.4	25.5
Otway Basin	57.8	0.0	9.4	49.4	0.1	8.5
Cooper Basin	0.0	1.6	1.6	0.0	0.8	0.8
Total Cooper Energy	**295.3**	**1.6**	**49.9**	**184.2**	**4.4**	**34.9**

[1] As announced to the ASX on 31 August 2020. Totals may not reflect arithmetic addition due to rounding. The method of aggregation is by arithmetic sum by category.

Workforce

At 30 June 2020 the Company had 75.9 full time equivalent (FTE) employees and 31.5 FTE contractors compared with 53.5 full time equivalent (FTE) employees and 43.8 FTE contractors at 30 June 2019. The increase in employee numbers is attributable to resourcing the growth of the Group's operations, including the acquisition of the Athena Gas Plant, and the shift of a number of contract staff to full time employment.

Contractor numbers have fluctuated in line with the progress of both the Athena Gas Plant and the Sole Gas Project and requirements for the 2019 drilling program.

Health Safety Environment and Community

A single lost time injury occurred within the Company's operations during the year. An employee of Diamond Offshore was injured on the Ocean Monarch drill rig in September while it was on location in VIC/P44, albeit not under the direction of the Company. The Company has been advised the injured worker has recovered and returned to work. Total recordable incident frequency rate for the period was 3.5 compared with zero for FY19.

There were no reportable environmental incidents.

Production

Total production for the year was 1.56 million boe, 18% higher than the prior year's 1.31 million boe, with the increase attributable to the Sole gas field.

Gas production for the year was 8.3 PJ compared with 6.6 PJ in 2019. Significant features of the year's production performance were the commencement of supply from Sole in March and the cessation of operations at the Minerva gas field in offshore Otway Basin in September. Sole produced a total of 2.1 PJ from the beginning of commissioning in March to 30 June.

Liquids production for the year consisted of 196.2 kbbl compared with 242.5 kbbl in the previous year. Approximately 98% of the FY20 liquids production was sourced from the Cooper Basin, where production rates reflected natural decline.

Commercial

The Company's strategy for creating shareholder value involves the development and operation of a portfolio style gas business to supply a tight south-east Australia domestic gas market.

Fundamental to this strategy is the Company's management of its gas production and sales contract portfolios. Cooper Energy seeks to produce gas from the most competitive sources of supply and to maintain a portfolio of contracts with blue-chip utility and industrial gas customers that support stable long-term production and optimisation of supply sourcing. Reliability of cash flow and earnings are prioritised through pricing, load factors and take-or-pay agreements that encourage stable sales through market and seasonal cycles.

FY20 brought an unforeseen change in market cycle through the impact of the COVID-19 pandemic on energy demand and prices. The accounting impact of this is evident in the adjustments made to recognise the impact of the lower prevailing prices, and revised price expectations, for uncontracted gas and asset carrying values as at 30 June 2020.

It is important to recognise these accounting adjustments hold no significance for the competitive position of the company's gas, and its outlook which is discussed under the heading 'Business strategies and prospects' following.

Furthermore, the merit of the company's 'long' contract position whereby the majority of its proved and probable gas reserves are contract under agreed prices without energy price linkage.

New gas contracts announced during the year included agreements with industrial gas users Visy and O-I Australia. The Sole gas field's term contract capacity is now fully committed until 2025 (inclusive of extensions). Production from Casino Henry is fully contracted for the 2020 calendar year. Approximately 1 PJ of the Company's share of production from Casino Henry in FY21 is contracted.

Regional review

Gippsland Basin

The majority of the Company's reserves, resources and anticipated production are attributable to the Gippsland Basin, offshore Victoria, Australia.

Cooper Energy is the operator and 100% interest holder in all of its Gippsland Basin interests. These comprise:

a) VIC/L32 which contains the Sole gas field;

b) VIC/RL13, VIC/RL14 and VIC/RL15, which contain the Manta gas and liquids field. The Retention Leases also hold legacy infrastructure associated with the Basker Manta Gummy ("BMG") oil project;

c) VIC/RL16 which contains the shut-in Patricia-Baleen gas field, and infrastructure offering connection to the Orbost Gas Processing Plant; and

d) exploration permits VIC/P72 and VIC/P75.

Production

First supply of gas from Sole occurred in March 2020 for the purposes of commissioning the Orbost Gas Processing Plant (owned and operated by APA Group "APA"). Commissioning of the plant continued for the remainder of the financial year, resulting in variable and intermittent production from the field. Sole supplied 2.1 PJ of gas into the Eastern Gas Pipeline during this period, all of which was sold on a spot basis under contract to utility gas customers.

Sole Gas Project

The Sole Gas Project involved development of the Sole gas field by Cooper Energy and upgrading of the Orbost Gas Processing Plant (OGPP) to process Sole gas by APA.

The offshore project was completed within schedule, below budget and with zero lost time injuries and zero reportable environmental incidents after performance of 561,362 work hours at onshore, marine and subsea workplaces. Total capital cost for the offshore project was $335 million compared to the budget of $355 million.

Commissioning of the plant upgrade is yet to meet the performance standards for completion, which includes demonstrated capacity to supply 68 TJ/day of Sole gas into the Eastern Gas Pipeline. As reported to the ASX, foaming in the absorber section of the plant has impaired output rates and been accompanied by fouling which required two shutdowns for maintenance prior to 30 June.

The shutdowns and optimisation of operations by APA have resulted in improved plant performance.

APA and Cooper Energy are working collaboratively to improve plant performance to that required for the completion of commissioning. Subsequent to year-end the two companies announced a Transition Agreement which establishes the commercial framework for this collaboration and progress towards the commencement of firm gas supply and the practical completion of the OGPP. Under the agreement revenue operating and capital costs will be shared while the OGPP proceeds to practical completion.

Root cause analysis to identify the cause of the foaming, has been ongoing with involvement of the OGPP technology provider. APA has conducted minor plant modifications to improve performance, with further modifications planned for completion in September 2020. Planning is also underway for Phase 2 works to increase gas processing capacity, which will include the flexibility to reconfigure the two absorber vessels from a sequential to a parallel arrangement.

The Phase 2 works (scope currently being finalised) are currently planned to commence in the December quarter (timing subject to supply chain and COVID-19 restrictions) for the resumption of production in the latter half of that quarter. If approved, it is expected the works would commence in the December quarter 2020 (timing subject to supply chain and COVID-19 restrictions) for the resumption of production in the latter half of that quarter. The cost of the Phase 2 works has not been finalised, with current estimates being $15 million (Cooper Energy share $7.5 million).

Commencement of term gas supply contracts from Sole has been deferred until the earlier of January 2021 or when permitted by the commencement of firm supply from the OGPP. Whilst OGPP has demonstrated capability to maintain stable supply of 40-45 TJ/day, Cooper Energy and APA are working to establish firm supply capability from the plant in advance of practical completion.

Development of Manta gas and liquids resource

Development of the Manta gas and liquids field is being pursued as the next phase of the Gippsland gas development, utilising economies available through coordination with the Sole gas field development. Manta is assessed to contain Contingent Resources[1] (2C) of 121 PJ of sales gas and 3.4 million barrels of condensate.

A business case undertaken in 2015 affirmed the commercial potential of the field. Appraisal of the field's Contingent Resources is considered necessary for confirmation of the assessed resource. An appraisal/exploration well, Manta-3, will also test the potential of a prospective resource in deeper reservoirs and inform a development decision on the field and the final firm development plan. The drilling of Manta-3 is being considered in the planning of the offshore drilling campaign expected to commence in FY23.

Abandonment and remediation of BMG

Planning for the abandonment of the BMG legacy oil infrastructure and lease remediation was advanced during the year with a view to FID and contracting of a well intervention vessel in the second half of FY21. Provisions for the performance of the abandonment have been reviewed and upgraded to reflect updates on costs and assessment of regulator expectations acquired during the year.

It is expected the abandonment and remediation work would be completed in the 2023 calendar year subject to rig availability and regulatory approvals.

Offshore Otway Basin

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

a) offshore gas exploration, development and production

   i. production licences VIC/L24 and VIC/L30 containing the producing Casino, Henry and Netherby gas fields ("Casino Henry");

   ii. production licences VIC/L33 and VIC/L34 containing part of the Black Watch gas field and Martha gas field;

   iii. exploration permit VIC/P44, which contains the undeveloped Annie gas discovery, and VIC/P76.

   All of these, except VIC/P76, are 50% interest held in joint ventures with Mitsui E&P Australia Pty Ltd and its associated entity Peedamullah Petroleum Pty Ltd (collectively referred to as hereafter as "Mitsui"), operated by Cooper Energy. VIC/P76 is held 100% and operated by Cooper Energy.

b) a 50% interest in and Operatorship of the Athena Gas Plant, onshore Victoria, which is jointly owned with Mitsui.

   The plant was acquired during the period to process gas from Casino Henry and other local discoveries such as Annie.

c) a 10% interest in the production licence VIC/L22 which holds the Minerva gas field and is held in the Minerva Joint Venture with the Operator and remaining interest holder, BHP Petroleum. The field was shut-in during the period.

Offshore Otway production

Cooper Energy's share of production from its offshore Otway interests was 1.0 million boe comprising 6.2 PJ of gas and 3,500 barrels of condensate. This is lower than the FY19 production of 1.1 million boe (6.6 PJ of gas and 4,600 barrels of condensate) due to the cessation of production from Minerva.

Production from the Casino Henry field increased, reflecting higher production rates achieved following the resumption of production for repair and upgrade during the first quarter of the year.

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[1] Cooper Energy announced its assessment of the Manta Contingent Resource to the ASX on 12 August 2019. Cooper Energy is not aware of any new information or data that materially affects the information provided in that release and all material assumptions and technical parameters underpinning the assessment provided in the announcement continues to apply.

Offshore Otway exploration

A two-well gas exploration program in the offshore Otway Basin was commenced in August 2019.

The first well, Annie-1 in VIC/P44, made a new gas field discovery, identifying a gross 70 metre gas column in the primary target Waarre C formation with net gas pay thickness of 62 metres. A Contingent Resource assessment was issued to the ASX on 24 February and upgraded in the statement of reserves and resources issued 31 August 2020. Annie is assessed to hold gross 2C Contingent Resources of 57.4 PJ, with Cooper Energy's equity share being 28.7 PJ. Development of the field is being assessed under the Otway Phase 3 Development Project discussed under Offshore Otway development following.

Drilling of the second well in the program, Elanora-1 in VIC/L24, was deferred following repeated loss of tension on the mooring lines attached to the Ocean Monarch drilling rig whilst on location at Annie-1. Drilling of Elanora-1 will be considered for a drilling campaign being planned to commence in the latter half of 2022, subject to rig availability and joint venture approval.

The granting of the VIC/P76 permit during the year consolidated Cooper Energy's offshore Otway acreage position around existing infrastructure and added to the exploration prospect inventory. The permit adjoins the Annie gas discovery and Casino production licence and is traversed by the Casino gas pipeline, which is to be connected to the Athena Gas Plant. Amplitude-supported prospects have been identified within the permit. Subsurface analysis of these prospects has commenced with a view to identifying the preferred candidate for drilling in the FY23 campaign.

Offshore Otway development

The Company is pursuing development opportunities to increase production, revenue generation and returns from the offshore Otway Basin:

- **upgrade and connection of the idle Athena Gas Plant to create a low-cost gas hub**

Cooper Energy, in joint venture with Mitsui, acquired the plant in December 2019 following the completion of operations at the depleted Minerva gas field. The plant offers improved resource recovery, lower processing costs and ullage for incremental gas production, such as from an additional development well at Henry or a new discovery such as Annie. Detailed engineering and design was conducted over the remainder of the year, culminating in Final Investment Decision being taken on the project in July 2020. The project involves upgrade of the plant and connection to the Company's existing producing fields in the region for a gross projected construction cost of $37 million (Cooper Energy share 50%). Gross expenditure prior to FID on acquisition and FEED was $16 million.

First gas into the plant is scheduled for the September quarter 2021, including allowances for COVID related disruptions as presently understood.

- **Otway Phase 3 Development Project**

The Otway Phase 3 Development Project (OP3D) involves development of the Annie gas field and infill drilling of the Henry gas field to enable production of approximately 100 PJ of gas via the Athena Gas Plant. OP3D is currently in the Concept Select phase. The project is scheduled to complete this phase in the September quarter 2020 which incorporates allowances for COVID-19 impacts as it is presently understood. It is possible further restrictions or supply chain disruption may cause delays to this schedule.

Development drilling required for OP3D could be incorporated into the broader drilling rig program planned to commence in the second half of calendar 2022, enabling first gas from late in FY23.

Onshore Otway Basin

The Company's interests in the onshore Otway Basin include licences in South Australia and permits in Victoria. Activities in the latter are currently suspended pursuant to the Petroleum Legislation Amendment Act which extends a Victorian State Government moratorium on onshore gas exploration until 30 June 2021. Conventional gas exploration in onshore Victoria can resume subsequent to that date.

The onshore Otway Basin interests comprise:

a) 30% interests in PEL 494, PRL 32 and PELA 680, South Australia.

   The remaining interest in these joint ventures is held by the Operator, Beach Energy Limited. At year-end advice was received from the South Australia government that a bid by Beach Energy Limited and Cooper Energy limited for block OT2019-B (renamed to PELA 680) was successful. It is expected the exploration permit will be awarded in late 2020.

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

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

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

An exploration well, Dombey-1, was drilled in PEL 494 during the year and recorded a new gas field discovery, identifying a gross gas column of 44.5 metres with net pay thickness of 25 metres in the primary target Pretty Hill formation. A production test recorded initial rates exceeding 18 MMscf/d indicating good reservoir productivity. Subsequent decline in flow rates, followed by re-pressurisation, suggests Dombey-1DW1 has drilled a small compartment partially connected to a broader accumulation.

The results of Dombey-1 have affirmed the prospectivity of the onshore Otway Basin and de-risked a number of prospects within PEL 494. The joint venture is planning acquiring 3D seismic data to better understand the Dombey structure and adjacent prospects and better define the Dombey appraisal plans.

Dombey-1 was part-funded through a $6.89 million PACE Gas Round 2 grant by the South Australian Government and is located 20 kilometres north-west of the Katnook Gas Plant.

Cooper Basin

The Cooper Basin interests comprise:

a) 25% interest in PRLs 85-104 (the “PEL 92 Joint Venture”) with the remaining interest held by the Operator, Beach Energy Limited.

b) 30% interest in PRLs 231-233 (the “PEL 93 Joint Venture”), with the remaining interest in the joint venture held by the Operator, Senex Energy Limited;

c) 20% interest in PRL 237, with the remaining interests in the joint venture held by Metgasco Limited and the Operator, Senex Energy Limited;

d) 19.165% interest in PRLs 207-209 (formerly PEL 100), with the remaining interests in the joint venture held by Santos QNT Pty Ltd and the Operator, Senex Energy Limited; and

e) 20% interest in PRLs 183-190 (formerly PEL 110), with the remaining interest in the joint venture held by the Operator, Senex Energy Limited.

Exploration and development

A total of 16 wells were drilled by the PEL 92 Joint Venture during the year. The program included 13 appraisal wells, 1 development well and 2 exploration wells. Three appraisal wells were cased and suspended as future oil producers with all other wells being plugged and abandoned.

Financial Performance

Cooper Energy Limited recorded a statutory loss after tax of $86.0 million for the financial year which compares with the loss after tax of $12.1 million recorded in the 2019 financial year. The 2020 financial year statutory loss included a number of items which affected the result by a total of $79.4 million. These items comprise:

- liquidated damages income of $19.8 million received from APA as a consequence of the delay to the commencement of gas production from the Orbost Gas Processing Plant;
- a non-cash restoration expense of $14.1 million resulting from a reassessment of the Patricia Baleen field restoration provision and Minerva field restoration provision;
- a non-cash impairment expense of $107.5 million; and
- tax impact of the above items of $22.4 million

The prior period result included a non-cash restoration expense of $26.2 million and a gain on exit provision of $0.8 million.

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

Underlying EBITDAX of $29.6 million was 14% lower than the prior comparative period figure of $34.3 million. This reduction has impacted underlying profit after tax in addition to the impact of increased depreciation and amortisation, exploration and evaluation expense and tax.

The underlying loss after tax (exclusive of the items noted above) was $6.6 million, compared with an underlying profit after tax of $13.3 million in the 2019 financial year. The factors which contributed to the movement between the periods were:

- higher gas sales revenue of $2.6 million attributed to Sole gas sales, improved performance of the Casino Henry wells and higher contracted gas prices. This was partially offset by decline in oil sales volumes and price;

- higher costs of sales of $11 million; largely due to non-cash factors. Amortisation and depreciation was $8.5 million higher primarily due to increases in future development costs of undeveloped proved and probable reserves and early cessation of the Minerva Field. Gas processing costs and royalties were $2.5 million higher;
- higher net finance costs of $4.3 million due to cessation of interest capitalised on the Sole Oil and Gas asset;
- higher care and maintenance costs of $3.0 million and other costs of $2.8 million; and
- higher exploration and evaluation write off of $1.7 million attributable to unsuccessful wells in the Cooper Basin and costs associated with the deferred Elanora well in the offshore Otway basin.

Financial Performance		FY20	FY19	Change	%
Sales volume	MMboe	1.5	1.3	0.25	19%
Sales revenue	$ million	78.1	75.5	2.6	3%
Gross profit	$ million	23.6	31.7	(8.1)	(25%)
Gross profit / Sales revenue	%	30.2	42.0	(11.8)	(28%)
Operating cash flow	$ million	48.1	20.5	27.6	134%
Cash, other financial assets and investments	$ million	132.1	165.5	(33.4)	(20%)
Reported loss after tax	$ million	(86.0)	(12.1)	(73.9)	(611%)
Underlying (loss)/profit after tax	$ million	(6.6)	13.3	(19.9)	(150%)
Underlying (loss)/profit before tax	$ million	(30.5)	12.1	(42.6)	(352%)
Underlying EBITDAX*	$ million	29.6	34.3	(4.7)	(14%)

* Earnings before interest, tax, depreciation, amortisation, restoration, exploration and evaluation expense and impairment

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

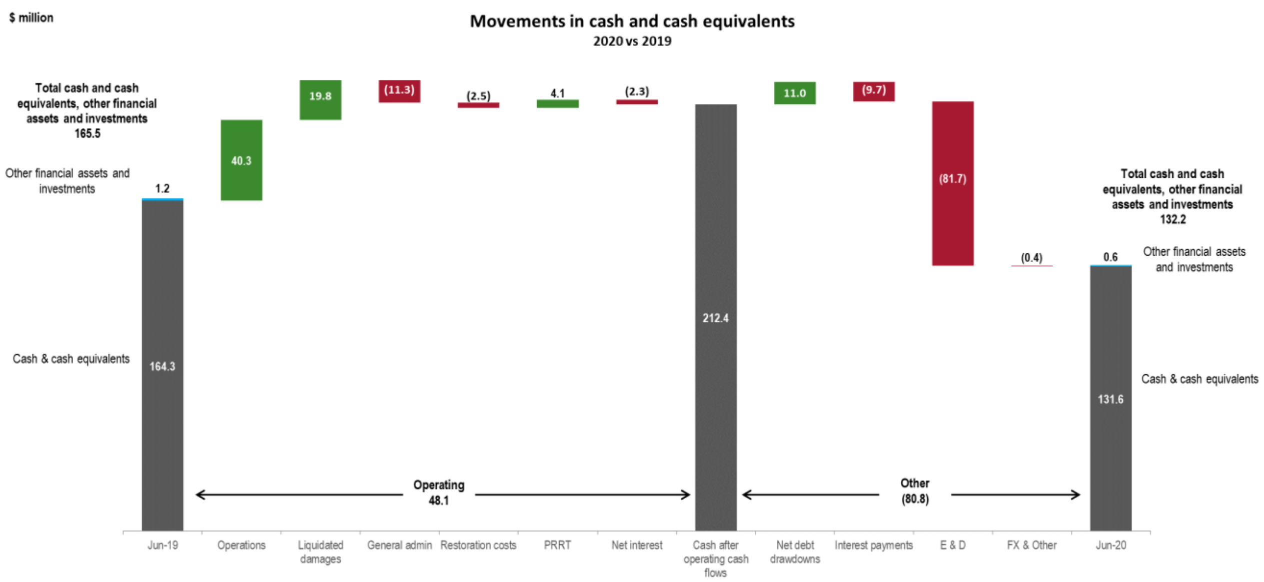
Cash and cash equivalents balance decreased by $32.7 million over the period as summarised in the following chart.

Operating cashflows for the period were $48.1 million comprising:

- cash generated from operations of $40.3 million;
- liquidated damages of $19.8 million received as a consequence of the delay to the commencement of gas production from the Orbost Gas Processing Plant disclosed as a significant item above;
- general administration costs of $11.3 million;
- restoration costs of $2.5 million;
- Petroleum Resource Rent Tax (PRRT) receipts of $4.1 million as a result of transferable exploration credits; and
- net interest paid of $2.3 million;

Financing, investing and other cash flows for the period were $80.8 million and included:

- debt drawdowns of $11.0 million;
- interest payments of $9.7 million;
- exploration, development and property, plant and equipment costs of $81.7 million, mainly in relation to the drilling of Annie-1, Dombey-1, and Cooper Basin appraisal wells. Other items in this category included payments made on the Minerva Gas Plant acquisition and for the Sole Gas Project; and
- foreign exchange differences and other of $0.4 million.



Financial Position

Financial Position		FY20	FY19	Change	%
Total assets	$ million	1,029.9	1,001.8	28.1	3%
Total liabilities	$ million	678.8	568.1	110.7	19%
Total equity	$ million	351.1	433.7	(82.6)	(19%)
Net debt	$ million	97.8	53.9	43.9	81%

Assets

Total assets increased by $28.1 million from $1,001.8 million to $1,029.9 million.

At 30 June the Company held cash and cash equivalents of $131.6 million and investments of $0.6 million.

Exploration and evaluation assets increased by $6.8 million from $152.3 million to $159.1 million as a result of increases associated with the reset of the rehabilitation provisions and capital expenditure incurred on exploration assets, offset by impairment within the BMG, VIC/P44, PEL 92 and the Onshore Otway permits.

Oil and gas assets increased by $2.8 million from $613.2 million to $616.0 million mainly as a result of capital expenditure incurred on development activities and increases associated with the reset of the rehabilitation provisions, offset by impairment on Casino Henry.

The impairments arose from review of asset carrying values and provisions in light of lower gas and oil prices in post-COVID-19 markets and intelligence acquired during the year on drilling, development and restoration and abandonment costs. The review incorporated revised assumptions for oil and gas prices and exchange rates based on current and expected values. Price assumptions for uncontracted gas have been revised to reflect expectations as at June 2020 for future term gas sales.

Total Liabilities

Total liabilities increased by $110.7 million from $568.1 million to $678.8 million.

Provisions increased by $106.7 million from $287.9 million to $394.6 million attributable to the revised gross cost assumptions for restoration provisions and lower discount rates.

Interest bearing loans and borrowings increased by $15.7 million from $213.7 million to $229.4 million. This represents the drawdowns under the reserve-based lending (RBL) facility.

Total Equity

Total equity decreased by $82.6 million from $433.7 million to $351.1 million. In comparing equity at 30 June 2020 to 30 June 2019 the key movements were:

- higher contributed equity of $1.5 million due to shares issued on vesting of performance rights and share appreciation rights during the period;
- higher reserves of $1.9 million mainly due to the vesting of equity incentives to employees partially offset by fair value movements in the Company's interest rate swaps for which cash flow hedge relationships apply; and
- higher accumulated losses of $86.0 million due to the statutory loss for the period.

Outlook

The Company expects substantially increased production and sales in the 12 months to 30 June 2021 as a result of a full year contribution from the Sole gas field. The extent of this increase will depend upon the timing and rate of build-up of production at the Orbost Gas Processing Plant, which is still undergoing commissioning.

As an indication, the total production from all operations in FY20 averaged 4.275 kboe/day. This compares to approximately 6.5 to 7 kboe/day from Sole alone at the rate of approximately 40 - 45 TJ/day maintained by the plant in late June to early July 2020. Achievement of plant nameplate capacity represents an increment to these rates of 23 TJ to 28 TJ/day, or another 3.7 to 4.5 kboe/day. This goal is being pursued by the ongoing optimisation of operations and Phase 2 plant works being planned by APA and Cooper Energy as discussed earlier under the heading 'Sole Gas Project'. Ongoing technical analysis on the cause of the foaming within the plant (discussed on page 5) may also identify avenues for improvement of plant performance. The average daily rates over the course of the year may be affected by shutdowns for modifications or maintenance.

Other operations are expected to contribute approximately 2.6 kboe/day in FY21. Gas production of between 4 to 5 PJ is anticipated from the offshore Otway (6 PJ in FY20), lower than FY20 due to the impact of shutdowns for maintenance of the Iona Gas Plant and, later in the year, for connection to the Athena Gas Plant. Crude oil production from the Cooper Basin of 0.2 million barrels is expected (0.2 million barrels in FY20).

Capital expenditure of between $50 million and $58 million is anticipated in FY21 with plans concentrated on the offshore Otway operations, most particularly the Athena Gas Project. It is intended to progress the OP3D and Manta-3 projects through the Select stage and towards FID by the conclusion of FY21. The results of this work, together with well planning and subsurface studies on exploration targets in the Otway and Gippsland Basins is expected to determine the composition of an offshore drilling program planned to commence, subject to rig availability in the first half of FY23. Two development wells are planned for the Cooper Basin.

Business Strategies and Prospects

Two premises underly the Company's gas strategy: first, south-east Australia will require new sources of gas supply to replace declining production from existing sources; and second, the most competitive source of supply for the region is gas produced in the region.

Accordingly, the Company's strategy for the generation of shareholder wealth entails ownership and operation of a portfolio of gas assets with superior competitiveness for the supply opportunities foreseen in south-east Australia. To this end, the Company has accumulated a portfolio of gas assets occupying favourable positions on the cost curve for delivered gas to its markets and a portfolio of supply contracts with utility and industrial customers.

FY20 saw short term disruption to energy market supply balances and a reaffirmation of the medium to long term merit of the Company's strategy and asset portfolio.

The surplus of international LNG supply relative to demand and lower economic activity levels during the year resulted in increased availability of gas and lower spot prices. This situation has continued into FY21. Analysis by the Company and by the Australian Energy Market Operator has reaffirmed the premise of the Company's gas strategy, anticipating a widening gap between local demand and depleting local supply from FY22 onwards.

The Company is well-positioned for both the near and longer terms by virtue of its gas contract portfolio and the competitiveness of its asset base in comparison with other potential sources of supply. The Company's contracted gas is committed under take-or-pay terms, without oil price linkage, to provide assurance of cash flow.

Looking to the longer term, the Company expects to generate wealth through supplying into an increasingly tight south-east Australian gas market from its uncontracted reserves, resources and that identified through exploration. During FY21 and FY22 the Company anticipates executing business plans to increase its exposure to the favourable south-east Australian gas market anticipated in the medium term. These plans include:

- the Athena Gas Plant project. Apart from establishing a low-cost processing hub for Otway Basin gas, the project will permit gas from Casino Henry to be contracted on a firm supply basis;
- definition of an economic development project for undeveloped gas in the Henry and Annie gas fields through the OP3D project;
- commitment to the drilling of the Manta-3 appraisal and exploration well. Development of Manta is contingent on the outcomes of the Manta-3 well; and
- identification of preferred targets for exploration for new resources of gas in the Otway and Gippsland basins. The Company's acreage in these regions holds identified gas prospects in proximity, and on-trend with, producing and known gas fields and close to existing pipe and processing infrastructure. These are to be targeted in the drilling campaign being planned for FY23.

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

Funding and Capital Management

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

At 30 June 2020 the Company had cash, deposits, and equity instruments of $131.6 million and drawn debt of $229.4 million. The Company has a Reserve Based Lending facility to fund a portion of the Sole gas field development with a limit of $250.0 million. Of this limit, $233.0 million is available, of which $3.6 million remains undrawn at 30 June 2020. The facility can be used for general corporate purposes after project completion. The Company has additional liquidity of approximately $15.0 million through a working capital facility to be used for general business purposes, of which $1.5 million has been utilised in respect of bank guarantees with the remaining balance undrawn. Further information is detailed in the Going concern basis section on page 45 and Note 18 of the Financial Statements.

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

Risk Management

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

COVID-19
Cooper Energy responded to the COVID-19 pandemic in line with its focus on:

- prioritising the safety and welfare of its employees and their families, together with that of contractors, suppliers and the communities within which it operates.
- assessing, monitoring and managing risks to the continuity of the business.

A Pandemic Response Team was established and resourced to include input from an independent medical practitioner, reporting to the Managing Director to oversee the company's response. That response included implementing robust work from home arrangements with on-site staffing requirements limited to minimal IT support attendance when required at office locations and a skeleton staff at the Cooper Energy operated Athena Gas Plant. The work from home arrangements were used in Adelaide and Perth during the period March – May 2020, and contingencies are in place to rapidly reinstate them if required. The Athena Gas Plant upgrade continues with limited on-site manning and specific risk controls in place.

All of the company's gas production is via unmanned subsea installations, which are operated remotely via the relevant plant onshore control room. Accordingly, transitioning the company into and out of work from home has had no impact on production levels. Emergency response procedures were tested using fully remote processes during the period.

The COVID-19 pandemic has been assessed as not being among the Company's key corporate risks, however it has affected the business indirectly through the impact on energy prices, supply chains and through restrictions on travel. The Pandemic Response Team continues to monitor and advise the Managing Director and Executive Leadership Team on ongoing potential COVID-19-related threats to the business and appropriate preventative actions and responses to the pandemic.

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

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

Risk	Description
	energy consumption preferences and demand and supply-side disruption such as an expansion of alternative, competitive supply sources. If realised, these may result in reduced sales volume and sales revenue with consequent impact on the efficiency of operations and the Company's financial condition. In the near term this risk is managed through its gas contracting strategy. The Company maintains 'long' contract coverage such that the major share of its available reserves is contracted, typically under gas sales agreements with a term of at least 4 years. Stability of cash flow is protected through terms which encourage reliable demand from customers and which include take-or-pay clauses to ensure minimum annual cash flows. Uncontracted gas carries exposure to favorable or unfavourable price movements. The greater share of the Company's uncontracted gas is in the offshore Otway Basin where the Athena Gas Plant Project is being conducted to facilitate the securing of longer term contracts supported by more favourable processing terms. Cooper Energy monitors developments and changes in the international oil and domestic gas market to enable the Company to be best placed to address changes in market conditions. This activity includes ongoing research and analysis of future demand and supply for energy, most particularly gas, in its market of south-east Australia. The Company's portfolio management and investment strategy expressly focus on assets with a foreseeable pathway to commercialisation within the medium term to remove the risk of exposure to assets becoming stranded by unforeseen developments in long term investment horizons.
Oil and gas prices	Future value, growth and financial conditions are dependent upon the prevailing prices for oil and gas. Prices for oil and gas are subject to fluctuations and are affected by numerous factors beyond the control of Cooper Energy. Cooper Energy monitors and analyses the oil and gas markets and seeks to reduce price risk where reasonable and practical. The Company has policies and procedures for entering into hedging contracts to mitigate against the fluctuations in oil price and exchange rates. Gas price risk is assessed within the context of the Company's ongoing modelling of the south-east Australian energy market and through its gas contracting strategy which prioritises long term agreements and appropriate indexation and price review clauses.
Operating	There are a number of risks associated with operating in the oil and gas industry. The occurrence of any event associated with these risks could result in substantial losses to the Company that may have a material adverse effect on Cooper Energy's business, results of operations and financial condition. To the extent that it is reasonable to do so, Cooper Energy mitigates the risk of loss associated with operating events through insurance contracts. Cooper Energy operates with a comprehensive range of operating and risk management plans (updated in FY20 to reflect risks associated with COVID-19) and an HSEC management system to ensure safe and sustainable operations.
Counterparties	The ability of Cooper Energy to achieve its stated objectives will depend on the performance of the counterparties under various agreements it has entered into (including joint venture arrangements). If any counterparties do not meet their obligations under the respective agreements, this may impact on operations, business and financial conditions. Cooper Energy monitors performance across material contracts against contractual obligations to minimise counterparty risk and seeks to include terms in agreements which mitigate such risks. The Company's gas contracting strategy expressly focusses on financially robust organisations assessed as being reliable gas consumers within the energy markets forecast by the Company's, and third party, research.
Reserves	Oil and gas reserves are expressions of judgement based on knowledge, experience and industry practice. These estimates may alter significantly or become uncertain when new information becomes available and/or there are material changes of circumstances which may result in Cooper Energy altering its plans which could have a positive or negative effect on Cooper Energy's operations. Reserves and Contingent Resources estimation is consistent with the definitions and guidelines in the Society of Petroleum Engineers (SPE) 2018 Petroleum Resources Management System (PRMS). The assessment of Reserves and Contingent Resources may also undergo independent review.
Environment	Cooper Energy's exploration, development and production activities are subject to state, national and international environmental laws and regulations. Oil and gas exploration, development and production can be potentially environmentally hazardous giving rise to substantial costs for environmental rehabilitation, damage control and losses.

Risk	Description
	Cooper Energy has a comprehensive approach to the management of risks associated with environment which is embedded as a core part of our approach to health, safety, environment and community. This approach includes standards for asset reliability and integrity, technical and operational competency and emergency response preparedness.
Funding	Cooper Energy must undertake significant capital expenditures in order to conduct its development appraisal and exploration activities. Limitations on the access to adequate funding could have a material adverse effect on the business, results from operations, financial conditions and prospects. Cooper Energy's business and, in particular development of large scale projects, relies on access to debt and equity funding. There can be no assurance that sufficient debt or equity funding will be available on acceptable terms or at all. Cooper Energy endeavours to ensure the best source of funding is obtained to maximise shareholder value, having regard to prudent risk management supported by economic and commercial analysis of all business undertakings.
Restoration liabilities	Cooper Energy has certain obligations in respect of decommissioning of its fields, production facilities and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require Cooper Energy to make provisions for such decommissioning and the abandonment of assets. Provisions for the costs of this activity are informed estimates and there is no assurance that the costs associated with decommissioning and abandoning will not exceed the amount of long-term provisions recognised to cover these costs. Cooper Energy recognises restoration provisions after construction and conducts a review on a semi-annual basis. Any changes to the estimates of the provisions for restoration are recognised in line with accounting standards.
Community	Cooper Energy conducts exploration and production operations in regions with residential, environmental, cultural and economic significance to local and national communities. Loss of confidence in the Company, in its ability to operate responsibly or opposition to exploration and production activities generally within these communities may adversely affect community sentiment towards Cooper Energy and impact its capacity to execute its plans. Cooper Energy conducts a community engagement programme at multiple levels and in multiple forms. The purpose of this programme is to build and maintain awareness, understanding and support of the Company, its operations and plans in the local regions. It serves to build long term positive relationships with local communities together with awareness of the economic benefits to the community and the nation generally. Elements of the program include: • sponsorship and donations made to local community organisations; • engagement and briefing with local office holders and elected representatives of local, state, and federal government. • engagement with local community groups via town hall meetings and community information sessions; • engagement with fishing industry associations; • publication of information regarding the Company's activities and plans including the maintenance of a 'Community' page on the Company's website; and • engagement with local media, including the use of social media
Climate and Sustainability	Cooper Energy recognises that direct physical and indirect non-physical impacts of climate change may affect our operations and the markets into which we sell our gas and oil. Potential risks include those arising from increased severe weather events; longer-term changes in climate patterns; sea level rise; and increased frequency and severity, of bushfires. Indirect risks arise from a variety of legal, policy, technology, and market responses to the challenges that climate change poses as society transitions to a lower emissions future. These risks may impact the demand for and competitiveness of the Company's products and the Company's appeal as an investment, employer, and community member. Assessment and response to these risks is undertaken on three fronts: 1) understanding, managing and mitigating the risks presented by direct physical impacts 2) understanding, managing and mitigating the impact of climate change and emissions policy on the demand for the Company's products ("market risk") 3) identification of means by which the Company can reduce its direct emissions and lessen its overall emissions impact.

Risk	Description
	In respect of market risk, the Company's expressed investment strategy means its gas assets possess a low exposure to the possibility of demand loss from climate change. A favourable market for sale of the Company's gas reserves and resources has been confirmed and is expected to continue given demand and supply forecasts for its chosen market of south-east Australia and the role gas is expected to play as a conventional and transition energy source in a lower emissions world. The Company's portfolio of gas assets is concentrated in south-eastern Australia and reflects its screening criteria which requires superior cost competitiveness in delivered gas and a foreseeable pathway to development. Australian government forecasts (Australian Energy Market Operator; AEMO) project a widening gap between gas demand and supply in south-east Australia. Production from the region's existing sources of supply is projected to decline significantly over the coming 10 years. The merits of gas as a clean-burning energy source, and as a necessary backstop of dispatchable power for renewable energy, are expected to support greater use of gas compared with other fossil fuels. Gas is expected to continue to be a principal source of energy for conventional heating and cooking applications and a critical input for industrial uses including fertiliser and other agricultural chemicals, refrigerants, plastics, glass manufacture, food processing and pharmaceuticals. Natural gas is viewed as a key element supporting society's sustainable energy transition and forecasts show an increasing global demand for gas over the medium to long term. The Company measures and reports its emissions in its annual Sustainability Report (the first of which was published in October 2019). The focus of the Company's strategy on conventional gas production, located in south-east Australia close to its market in south-east Australia, is conducive to lower emissions gas supply. The Company measures, monitors and reports on its emissions and seeks to reduce its emissions impact. These results are published in its annual Sustainability Report.

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

Reconciliation to Underlying profit/(loss)		**FY20**	**FY19**	**Change**	**%**
Net profit/(loss) after income tax	$ million	(86.0)	(12.1)	(73.9)	(611%)
Adjusted for:					
Gain on exit provision	$ million	-	(0.8)	0.8	100%
Liquidated damages	$ million	(19.8)	-	(19.8)	(100%)
Restoration expense	$ million	14.1	26.2	(12.1)	(46%)
Impairment	$ million	107.5	-	107.5	100%
Tax impact of underlying adjustments	$ million	(22.4)	-	(22.4)	(100%)
Underlying (loss)/profit	$ million	(6.6)	13.3	(19.9)	(150%)

Reconciliation to Underlying EBITDAX*		**FY20**	**FY19**	**Change**	**%**
Underlying (loss)/profit	$ million	(6.6)	13.3	(19.9)	(150%)
Add back:					
Tax impact of underlying adjustments	$ million	22.4	-	22.4	100%
Net interest expense/(revenue)	$ million	1.8	(3.4)	5.2	153%
Accretion expense	$ million	4.0	5.0	(1.0)	(20%)
Tax expense	$ million	(23.9)	(1.2)	(22.7)	(1892%)
Depreciation	$ million	2.3	1.0	1.3	130%
Amortisation	$ million	26.5	18.2	8.3	46%
Exploration and evaluation expense	$ million	3.1	1.4	1.7	121%
Underlying EBITDAX*	$ million	29.6	34.3	(4.7)	(14%)

* Earnings before interest, tax, depreciation, amortisation, restoration, exploration and evaluation expense and impairment

The adoption of AASB 16 *Leases* in the period means that the FY20 results have a higher portion of depreciation and interest charge and lower SG&A costs. This increases the current year EBITDAX by $1.7 million relative to the prior year.

Directors' Statutory Report

For the year ended 30 June 2020

The Directors present their report together with the Consolidated Financial Report of the Group, being Cooper Energy Limited (the "parent entity" or "Cooper Energy" or "Company") and its controlled entities, for the financial year ended 30 June 2020, and the Independent Auditor's Report thereon.

1. Directors

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

Mr John C. CONDE AO B.Sc. B.E(Hons), MBA CHAIRMAN INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed 25 February 2013	**Experience and expertise** Mr Conde has extensive experience in business and commerce and in chairing high profile business, arts and sporting organisations. Previous positions include Non-Executive Director of BHP Billiton, Chairman of Pacific Power (the Electricity Commission of NSW), Chairman of the Sydney Symphony Orchestra, Director of AFC Asian Cup, Chairman of Events NSW, President of the National Heart Foundation and Chairman of the Pymble Ladies' College Council. **Current and other directorships in the last 3 years** Mr Conde is Chairman of The McGrath Foundation (since 2013 and Director since 2012). He is President of the Commonwealth Remuneration Tribunal (since 2003) and a Director of Dexus Property Group ASX: DXS (since 2009). He is Deputy Chairman of Whitehaven Coal Limited ASX: WHC (since 2007). Mr Conde is a former Chairman of Bupa Australia (2008 – 2018). **Special responsibilities** Mr Conde is Chairman of the Board of Directors. He is also a member of the People and Remuneration Committee and is the Chairman of the Nomination Committee.
Mr David P. MAXWELL M.Tech, FAICD MANAGING DIRECTOR Appointed 12 October 2011	**Experience and expertise** Mr Maxwell is a leading oil and gas industry executive with more than 25 years in senior executive roles with companies such as BG Group, Woodside Petroleum Limited and Santos Limited. Mr. Maxwell has very successfully led many large commercial, marketing and business development projects. Prior to joining Cooper Energy Mr Maxwell worked with the BG Group, where he was responsible for all commercial, exploration, business development, strategy and marketing activities in Australia and led BG Group's entry into Australia and Asia including a number of material acquisitions. Mr Maxwell has served on a number of industry association boards, government advisory groups and public company boards. **Current and other directorships in the last 3 years** Mr Maxwell is a Director of wholly owned subsidiaries of Cooper Energy Limited. He is also on the Board of the Australian Petroleum Production & Exploration Association (since 2018) and the Minerals and Energy Advisory Council (since 2019). **Special responsibilities** Mr Maxwell is Managing Director. He is responsible for the day to day leadership of Cooper Energy, and is the leader of the Executive Leadership Team. Mr Maxwell is also chairman of the HSEC Committee (being a management committee, not a Board committee).

Mr Timothy G. BEDNALL LLB (Hons) INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed 31 March 2020, subject to confirmation by shareholders at the Company's 2020 AGM	**Experience and expertise** Mr Bednall is a highly experienced and respected corporate lawyer and law firm manager. He is a partner of King & Wood Mallesons (KWM), where he specialises in mergers and acquisitions, capital markets and corporate governance, representing public company and government clients. Mr Bednall has advised clients in the oil and gas and energy sectors throughout his career. Mr Bednall was the Chairman of the Australian partnership of KWM from January 2010 to December 2012, during which time the merger of King & Wood and Mallesons Stephen Jaques was negotiated and implemented. He was also Managing Partner of M&A and Tax for KWM Australia from 2013 to 2014, and Managing Partner of KWM Europe and Middle East from 2016 to 2017. He was General Counsel of Southcorp Limited (which became the core of Treasury Wine Estates Limited) from 2000 to 2001. **Current and other directorships in the last 3 years** Mr Bednall is a board member of the National Portrait Gallery Foundation (since 2018). **Special responsibilities** Mr Bednall is a member of the People & Remuneration Committee, the Nomination Committee and the Risk & Sustainability Committee.
Ms Victoria J. BINNS B. Eng (Mining – Hons 1), Grad Dip SIA, FAusIMM, GAICD INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed 2 March 2020, subject to confirmation by shareholders at the Company's 2020 AGM	**Experience and expertise** Ms Binns has over 35 years' experience in the global resources and financial services sectors including more than 10 years in executive leadership roles at BHP and 15 years in financial services with Merrill Lynch Australia and Macquarie Equities. During her career at BHP, Ms Binns' roles included Vice President Minerals Marketing, leadership positions in the metals and coal marketing business, Vice President of Market Analysis and Economics and was a member of the first BHP Global Inclusion and Diversity Council. Prior to joining BHP, Ms Binns held a number of board and senior management roles at Merrill Lynch Australia including Managing Director and Head of Australian Research, Head of Global Mining, Metals and Steel, and Head of Australian Mining Research. She was also co-founder and Chair of Women in Mining and Resources Singapore. **Current and other directorships in the last 3 years** Ms Binns is currently a Non-Executive Director of ASX-listed company Evolution Mining (since 2020). **Special responsibilities** Ms Binns is a member of the Audit Committee, the People & Remuneration Committee and the Risk and Sustainability Committee.
Ms Elizabeth A. DONAGHEY B.Sc., M.Sc. INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed 25 June 2018	**Experience and expertise** Ms Donaghey brings over 30 years' experience in the energy sector including technical, commercial and executive roles in EnergyAustralia, Woodside Energy and BHP Petroleum. Ms Donaghey's experience includes Non-Executive Director roles at Imdex Ltd (an ASX-listed provider of drilling fluids and downhole instrumentation), St Barbara Ltd (a gold explorer and producer), and the Australian Renewable Energy Agency. She has performed extensive committee roles in these appointments, serving on audit and compliance, risk and audit, technical and regulatory, remuneration and health and safety committees. **Current and other directorships in the last 3 years** Ms Donaghey is a Non-Executive Director of the Australian Energy Market Operator (AEMO) (since 2017). **Special responsibilities** Ms Donaghey is a member of the Risk and Sustainability Committee, the People and Remuneration Committee and the Nomination Committee.

Mr Hector M. GORDON B.Sc. (Hons). FAICD INDEPENDENT NON-EXECUTIVE DIRECTOR 26 June 2012 – 23 June 2017 NON-EXECUTIVE DIRECTOR Appointed 24 June 2017	**Experience and expertise** Mr Gordon is a geologist with over 40 years' experience in the upstream petroleum industry, primarily in Australia and southeast Asia. He joined Cooper Energy in 2012, initially as an Executive Director – Exploration & Production and subsequently moved to his position as Non-Executive Director in 2017. Mr Gordon was previously Managing Director of Somerton Energy until it was acquired by Cooper Energy in 2012. Previously he was an Executive Director with Beach Energy Limited where he was employed for more than 16 years. In this time Beach Energy experienced significant growth and Mr Gordon held a number of roles including Exploration Manager, Chief Operating Officer and, ultimately, Chief Executive Officer. **Current and other directorships in the last 3 years** Mr Gordon is a Director of Bass Oil Limited ASX: BAS (since 2014). **Special responsibilities** Mr Gordon is the Chairman of the Risk and Sustainability Committee and a member of the Audit Committee.
Mr Jeffrey W. SCHNEIDER B.Com INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed 12 October 2011	**Experience and expertise** Mr Schneider has over 30 years of experience in senior management roles in the oil and gas industry, including 24 years with Woodside Petroleum Limited. He has extensive corporate governance and board experience as both a Non-Executive Director and chairman in resources companies. **Current and other directorships in the last 3 years** Mr Schneider does not currently hold any other directorships. **Special responsibilities** Mr Schneider is Chairman of the People and Remuneration Committee, and a member of the Nomination Committee and the Audit Committee.
Ms Alice J. WILLIAMS B.Com, FAICD, FCPA, CFA INDEPENDENT NON-EXECUTIVE DIRECTOR Appointed 28 August 2013	**Experience and expertise** Ms Williams has over 30 years of senior management and Board level experience in corporate, investment banking and Government sectors. Ms Williams has been a consultant to major Australian and international corporations as a corporate advisor on strategic and financial assignments. Ms Williams has also been engaged by Federal and State based Government organisations to undertake reviews of competition policy and regulation. Prior appointments include Director of Airservices Australia, Guild Group, Port of Melbourne Corporation, Telstra Sale Company, V/Line Passenger Corporation, State Trustees, Western Health and the Australian Accounting Standards Board. Ms Williams is also a former council member of the Cancer Council of Victoria. **Current and other directorships in the last 3 years** Ms Williams is a Non-Executive Director of Equity Trustees Ltd ASX: EQT (since 2007), Djerriwarrh Investments Ltd, Defence Health (since 2010) and not for profit Tobacco Free Portfolios (since 2018). Ms Williams has recently stepped down as a Member of the Foreign Investment Review Board. Ms Williams was a Non-Executive Director of the Victorian Funds Management Corporation for the period 2008 to 2018. **Special responsibilities** Ms Williams is the Chairman of the Audit Committee and a member of the Risk and Sustainability Committee.

2. Company secretary

Ms Amelia Jalleh B.A., LLB (Hons), LLM was appointed to the position of Company Secretary and General Counsel effective from 9 August 2019. Ms Jalleh brings more than 19 years' international oil and gas experience in senior corporate, commercial and legal roles. Her experience spans conventional and unconventional projects, asset and portfolio management, and international M&A transactions. Prior to joining Cooper Energy, Ms Jalleh held the position of Director, Business Development Asia-Pacific for Repsol, based in Singapore. Ms Jalleh has worked in Australia, the Middle East, North America, the UK and South East Asia in roles with Repsol, Talisman Energy, King & Spalding LLP and Santos.

Ms Alison Evans B.A., LLB held the position of Company Secretary and Legal Counsel from 25 February 2013 to 9 August 2019. Ms Evans concluded her employment with Cooper Energy on 20 December 2019.

3. Directors' meetings

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

Director	Board Meetings		Audit Committee Meetings		Risk & Sustainability Meetings		People & Remuneration Committee Meetings		Nomination Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
Mr J. Conde	8	8	-	-	-	-	4	4	1	1
Mr D. Maxwell	8	8	-	-	-	-	-	-	1	1
Mr T. Bednall*	2	2	-	-	-	-	1	1	-	-
Ms V. Binns**	2	2	1	1	-	-	1	1	-	-
Ms E. Donaghey	8	8	3	3	3	3	4	4	1	1
Mr H. Gordon	8	8	4	4	3	3	-	-	1	1
Mr J. Schneider	8	8	4	4	-	-	4	4	1	1
Ms A. Williams	8	8	4	4	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 (noting that Committee membership was restructured with effect as of 1 May 2020).

*Mr Bednall was appointed 31 March 2020.
**Ms Binns was appointed 2 March 2020.

4. Remuneration Report (audited)

Information about the remuneration of the Company's key management personnel for the financial year ended 30 June 2020 is set out in the Remuneration Report. The information in the Remuneration Report has been audited as required by the *Corporations Act 2001* (Cth) and forms part of the Directors' Report.

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

Dear Shareholder

I am pleased to present your Company's 2020 Remuneration Report for which we will be seeking your support at the 2020 Annual General Meeting. This report is an important element of the Company's annual reporting. It documents the Company's remuneration framework and guiding principles, details the remuneration outcomes for its Board and key management personnel, and enables comparison of these remuneration outcomes with the Company's performance.

The People and Remuneration Committee's view is that this report shows the Company's remuneration framework to be appropriate, and that the 2020 remuneration outcomes are fair when compared to peer companies and taking account of the Company's performance over the last few years.

Remuneration Report context: 2020 Financial Year
The Company's performance in the 12 months to 30 June 2020 is reported in the Operating and Financial Review of the Financial Report. This performance and how it compared to the specific targets of the Company Scorecard provide the context of the Remuneration Report.

Cooper Energy met or exceeded the targets of its Corporate Scorecard in the categories of HSEC, Growth and People & Enablers. The Company failed to meet target in the areas of Production & Revenue and Project Delivery.

The Company's share price decreased by 31% over the 2020 financial year. Notably however Cooper Energy has outperformed most of the peer company set (but not all) on a 1 year basis and has outperformed all on a 5 year basis.

A remuneration framework which attracts, encourages, rewards and retains talent is an important foundation that can enable the company to repeat superior total shareholder return and the share price growth that is essential for your Company's ongoing development.

Remuneration developments
The Company's remuneration framework has been stable for some time. The view of the People and Remuneration Committee is that the Company's remuneration framework and principles have served the Company well. They are simple and relevant and consistent with the objective to attract and retain high calibre employees and provide incentives to deliver superior performance in line with the Cooper Energy Values. Consequently, there has been little change to the Company's remuneration structure and no change is proposed for the 2021 financial year.

Cognisant of community and investor expectations, particularly in light of the economic impact of the COVID-19 pandemic, there is no change in fees payable to Directors proposed for FY21. I confirm that Directors' fees remain comparable with relevant peer companies. For the same reasons, and consistent with benchmarking within the hydrocarbon industry, the Fixed Annual Remuneration of our Managing Director and Executive Leadership Team will not increase in FY21.

Remuneration outcomes
The remuneration outcomes detailed in this report are consistent with and recognise the performance of the Company over both the short and long terms. In response to feedback, we have included full year STIP awards paid for FY20. Important components of the Corporate Scorecard that relate to Production and Revenue and also those relating to Growth Projects have been significantly impacted by the late start-up of the onshore gas plant at Orbost. As a consequence, the Board has assessed the Corporate Scorecard result as being 39/100.

This past year has presented many challenges for our shareholders, our staff and the many consultants that support us, and of course for their families. The COVID-19 pandemic has also tested how we all work together. Cooper Energy has continued to work in a very focused yet collaborative manner throughout. We thank the Managing Director, the Executive Leadership Team and their teams for their very considerable commitment and contribution over the year.

Yours sincerely

Mr Jeffrey Schneider
Chairman of the People and Remuneration Committee

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4.1 Introduction

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

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

4.2 Key Management Personnel covered in this Report

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

- the Non-Executive Directors;
- the Managing Director; and
- the executives on the Executive Leadership Team.

The Managing Director and executives on the Executive Leadership Team are referred to in this Report as "**Executive KMP**".

The following table sets out the KMP of the Group during the reporting period and the period they were KMP:

Non-Executive Directors	Position	Period KMP
Mr J. Conde AO	Chairman	1 July 2019 to 30 June 2020
Ms E. Donaghey	Non-Executive Director	1 July 2019 to 30 June 2020
Mr H. Gordon	Non-Executive Director	1 July 2019 to 30 June 2020
Mr J. Schneider	Non-Executive Director	1 July 2019 to 30 June 2020
Ms A. Williams	Non-Executive Director	1 July 2019 to 30 June 2020
Ms V. Binns[1]	Non-Executive Director (casual vacancy)	2 March 2020 to 30 June 2020
Mr T. Bednall[1]	Non-Executive Director (casual vacancy)	31 March 2020 to 30 June 2020

[1] Ms Binns and Mr Bednall were each appointed to a casual vacancy as a Non-Executive Director on the respective dates above. Their appointments are to be confirmed by shareholders at the 2020 Annual General Meeting scheduled for 12 November 2020.

Executive KMP	Position	Period KMP
Mr D. Maxwell	Managing Director	1 July 2019 to 30 June 2020
Mr A. Thomas	General Manager Exploration & Subsurface	1 July 2019 to 30 June 2020
Ms V. Suttell	Chief Financial Officer	1 July 2019 to 30 June 2020
Ms A. Jalleh[1]	Company Secretary and General Counsel	9 August 2019 to 30 June 2020
Mr I. MacDougall	General Manager HSEC & Technical Services	1 July 2019 to 30 June 2020
Mr E. Glavas	General Manager Commercial & Development	1 July 2019 to 30 June 2020
Mr M. Jacobsen	General Manager Projects & Operations	1 July 2019 to 30 June 2020
Former Executive KMP	**Position**	**Period KMP**
Ms A. Evans[2]	Company Secretary and Legal Counsel	1 July 2019 to 9 August 2019
Mr D. Clegg[3]	General Manager Development	1 July 2019 to 31 December 2019

[1] Ms Jalleh was appointed to the role of Company Secretary and General Counsel on 9 August 2019.
[2] Ms Evans ceased being Company Secretary and General Counsel on 9 August 2019. Ms Evans concluded her employment with Cooper Energy on 20 December 2019.
[3] Mr Clegg ceased being a member of the Executive Leadership Team on 31 December 2019 (he now has a part-time role with the Company).

4.3 Remuneration Governance

4.3.1 Philosophy and objectives

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

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

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

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

Cooper Energy's policy is to pay Fixed Annual Remuneration at the median level compared to hydrocarbon industry benchmark data and supplement this with "at risk" remuneration to bring total remuneration within the upper quartile when outstanding performance is achieved.

4.3.2 People and Remuneration Committee

The People and Remuneration Committee (which is comprised of 5 Non-Executive Directors, all of whom are independent) makes recommendations to the Board about remuneration strategies and policies for the Executive KMP and considers programs related to executive development and talent management.

On an annual basis, the People and Remuneration Committee makes recommendations to the Board about the form of payment and incentives to Executive KMP and the amount. This is done with reference to Company performance and individual performance of the Executive KMP, relevant employment market conditions, current industry practices and independent remuneration benchmark reports.

4.3.3 External remuneration advisers

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

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

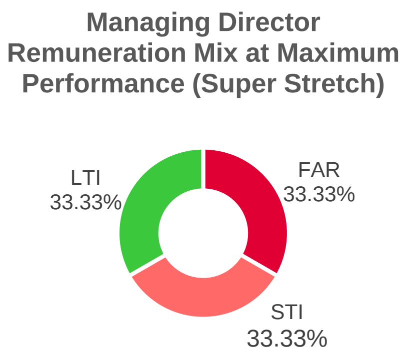
4.4 Nature & Structure of Executive KMP Remuneration

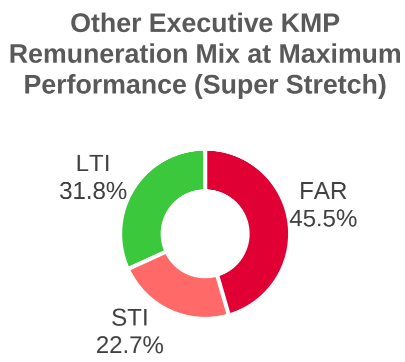
Executive KMP remuneration during the reporting period consisted of a mix of:

- Fixed Annual Remuneration (**FAR**);
- Short Term Incentive Plan (**STIP**) participation;
- benefits such as accommodation, internet allowance and car parking; and
- Long Term Incentive Plan (**LTIP**) (composed of performance rights (**PRs**) and share appreciation rights (**SARs**) under the Company's amended Equity Incentive Plan approved by shareholders at the 2019 AGM).

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

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





4.4.1 Remuneration strategy and framework - Linking Reward to Performance

The remuneration strategy sets the direction for the remuneration framework and drives the design and application of remuneration for the Company, including Executive KMP.

The remuneration strategy:

- encourages a strong focus on financial and operational performance, and motivates Executive KMP to deliver sustainable business results and returns to the Company's shareholders over the short and long term;
- attracts, motivates and retains appropriately qualified and experienced talent; and
- aligns executive and shareholder interests through equity linked plans.

The Board believes that remuneration should include a fixed component and at-risk or performance-related components, including both short term and long-term incentives. This remuneration framework is shown in the table following, including how performance outcomes will impact remuneration outcomes for Executive KMP.

The Board will continue to review the remuneration framework to ensure it continues to align with the Company's strategic objectives. No significant changes to the key elements of the remuneration framework are anticipated in FY21.

4.4.2 Remuneration strategy and framework – Overview

	PERFORMANCE CONDITIONS	REMUNERATION STRATEGY/PERFORMANCE LINK
FIXED ANNUAL REMUNERATION Salary and other benefits (including statutory superannuation)	**Key Considerations** ► Scope of individual's role ► Individual's level of knowledge, skills and expertise ► Individual performance ► Market benchmarking	Fixed Annual Remuneration is set to attract, retain and motivate the right talent to deliver on the strategy and contribute to the Company's financial and operational performance. For executives new to their role, the aim is to set Fixed Annual Remuneration at relatively modest levels compared to their peers and to progressively increase as they gain experience and perform at higher levels. This links fixed remuneration to individual performance.
SHORT TERM INCENTIVE PLAN (STIP) Annual incentive opportunity delivered in cash based on Company and individual performance	**Strategy & Project Key Performance Indicators (KPIs)** (up to 40% of Company performance related STIP award) ► Major Projects & Development ► Growth in Reserves & Resources ► Key Gas Strategy Milestones ► Acquisition and Divestment **Operational & Financial KPIs** (up to 40% of Company performance related STIP award) ► Production and Revenue ► Cost Management ► Process & Risk Management ► People and Stakeholder relationships **Safety & Sustainability KPIs** (up to 20% of Company performance related STIP award) ► Lead improvement objectives for environmental and fatality prevention ► Sustainability and community relationships ► Total Recordable Case Frequency Rate (TRCFR) target	STIP performance conditions are designed to support the financial and strategic direction of the Company (the achievement links to shareholder returns) and are clearly defined and measurable. A large proportion of outcomes are subject to the Operational & Financial targets of the Company or business unit, depending on the role of the executive to ensure line of sight. Strategy & Project targets ensure that continued focus on future opportunities is maintained. Non-financial targets are aligned to core Values (including safety and sustainability) and key strategic and growth objectives. Threshold, Target, Stretch and Super Stretch targets for each measure are set by the Board to ensure that a challenging performance-based incentive is provided. The Board has discretion to adjust STIP outcomes up or down to ensure appropriate individual outcomes and results align with the Company's Values.
	Individual performance KPIs (up to 25% for Managing Director & 30% for the other Executive KMP of Final STIP award) aligned to strategic objectives.	Individual performance measures are agreed each year. The individual measures relate to business unit objectives, promotion of Company Values and identified areas for development. This ensures a clear focus on "how we work" i.e. our Values and culture, as well as what we seek to achieve.
LONG TERM INCENTIVE PLAN (LTIP) Three-year incentive opportunity delivered through Performance Rights (PRs) and Share Appreciation Rights (SARs)	**LTIP is a mix of PRs and SARs.** Maximum LTIP grant is 100% of Fixed Annual Remuneration for Managing Director and 70% of Fixed Annual Remuneration for other Executive KMP. **Relative Total Shareholder Return** is the only performance condition. Relative Total Shareholder Return ensures that LTIP can only vest when the Company's share price performance is at least at the 50th percentile of the peer group. Maximum LTIP vesting can only occur at or above 90th percentile of the peer group. ► Relative Total Shareholder Return performance is where there is sustained superior share price performance of the Company compared to a Peer Group of companies. ► Peer Group Companies are 12 ASX-listed companies in the oil and gas sector, with a range of market capitalisation. ► SARs by their nature have an absolute total shareholder return requirement. No SAR will vest unless the share price appreciates over the measurement period.	Allocation of PRs & SARs upfront encourages executives to 'behave like shareholders' from the grant date. The PRs & SARs are restricted and subject to risk of forfeiture at the end of the three-year performance period. The Company believes that encouraging its employees to becomes shareholders is the best way of aligning employee interests with those of the Company's shareholders. The LTIP also acts as a retention incentive for key talent (due to the three-year vesting period). Relative Total Shareholder Return is designed to encourage executives to focus on the key performance drivers which underpin sustainable growth in shareholder value. The Relative Total Shareholder Return performance condition is designed to ensure vesting can only occur where shareholders have enjoyed superior share price performance compared to the peer group shareholders. SARs only have value when there is an increase in the Company's share price. In general, the Company's vesting hurdles are intended to be tougher than our industry peers.

TOTAL REMUNERATION: The combination of these elements is designed to attract, retain and motivate appropriately qualified and experienced individuals, encourage a strong focus on performance, support the delivery of outstanding returns to shareholders and align executive and stakeholder interests through share ownership.

4.4.3 Fixed Annual Remuneration

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

Executives are paid Fixed Annual Remuneration which is competitive in the markets in which the Company operates and is consistent with the responsibilities, accountabilities and complexities of the respective roles.

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

4.4.4 Short Term Incentive Plan (STIP) - Overview

The STIP is an annual incentive opportunity delivered in cash based on a mix of Company and individual performance. The individual measures are a mixture of business unit and employee-specific goals. The Company performance measures in the Company's scorecard and weightings are as follows:

	Performance Measures	Rationale
HSEC (20%)	• Health • Safety (Lost Time Injury, Total Recordable Incident Frequency Rate) • Environment (reportable environmental incidents) • Community (strategy, grievance management) • HSEC Management System	Targeting: • Leading HSEC performance • Efficient processes (cost & time), easily understood • Cooper Energy team clearly engaged & continually improving • Leading emissions management
Production & Revenue (20%)	• Production MMboe • Revenue A$ million • Gas marketing $/GJ average spot and new sales prices • Cash margin A$/boe (sales revenue less cash operating costs (excludes DD&A[5])	Targeting growing value by increasing production & margin from existing permits
Project Delivery (20%)	• Schedule • Cost • Front End Engineering & Design and Final Investment Decisions	Targeting: • Major capital projects delivered per scope, within schedule and budget, with appropriate contingency included • Clear management systems • Consistent successful major project delivery
Growth (20%)	• Reserves • Gas marketing • Acquisitions & divestments *(in each case to reflect a growing business)*	Targeting: • Development projects per schedule and adding economic value • Term gas contracts that underpin new business and add value • Maximising value through portfolio management and acquisitions and divestment • Leveraging competitive strengths • Building growth
People, Culture & Enablers (20%)	• Cost Management • Funding • Processes and Risk Management • People • Stakeholder Relationships	Targeting: • "One team" performance • Applying the Cooper Energy Values and culture to deliver our strategy • Tight cost management, accurate forecasting • Funding fit for purpose, creating shareholder value and being optimised • Efficient, cost-effective management and IT systems helping to make jobs easier. • Stakeholder relationships creating value

Please note as follows:
"**HSEC**" means Health Safety Environment & Community
"**MMboe**" means Million barrels of oil equivalent
"**GJ**" means Gigajoule
"**DD&A**" means Depreciation, Depletion & Amortisation

The key features of the STIP for the FY2020 are as follows:

STIP FY20 Plan Feature	Details
What is the purpose of the STIP?	The STIP is designed to motivate and reward Executive KMP for their contribution to the annual performance of the Company.
How does the STIP align with the interests of Cooper Energy's shareholders?	The STIP is aligned to shareholder interests by encouraging Executive KMP to achieve operational and business milestones in a balanced and sustainable manner.
What is the vehicle of the STIP award?	The STIP award is delivered in the form of a cash payment, usually in October.
What is the maximum award opportunity (% of Fixed Remuneration)?	Managing Director 100% Other Executive KMP 50%
What is the performance period?	Each year, the Board reviews and approves the performance criteria for the year ahead by approving a Company scorecard and individual performance contracts are agreed with each Executive KMP. The Company's STIP operates over a 12-month performance period from 1 July to 30 June.
How are the performance measures determined and what are their relative weightings?	The measurement of Company performance is based on the achievement of key performance indicators (**KPIs**) set out in a Company scorecard. See section 4.6.2 for the Company scorecard measures used for FY20. The KPIs focus on the core elements the Board believes are needed to successfully deliver the Company strategy and maximise sustainable shareholder returns. For each KPI in the scorecard, a base or threshold performance level is established as well as a target, stretch and super stretch (i.e. maximum). Personal performance measures are agreed between each Executive KMP and Cooper Energy each year. These relate to the individual's performance in achieving things such as business unit objectives, promotion of the Cooper Energy Values and identified areas for development. The relative weighting of Company scorecard and individual performance is as follows: • Managing Director – 75% Company: 25% individual • Executives – 70% Company: 30% individual Performance measures are challenging and maximum award opportunities are only achieved by outstanding performance. 50% of the maximum award opportunity will be awarded if the Company meets target level performance. Target level KPIs are set at a challenging and achievable level of performance (and not at the base level of performance). 0% STIP will be awarded for base level achievement. 0% STIP will be awarded if during any measurement period the Company sustains a fatality or major environmental incident. Irrespective of the scorecard outcome, payment of any STIP is entirely at the discretion of the Board.

4.4.5 Long Term Incentive Plan (LTIP) - Overview

In the reporting period, the LTIP involved grants of Performance Rights (**PRs**) and Share Appreciation Rights (**SARs**) under the Equity Incentive Plan. The key features of the grants made in the 2020 financial year (granted December 2019) are set out in the following table:

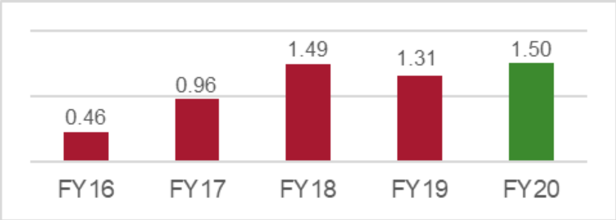
FY20 LTIP Plan Feature	Details
What is the purpose of the LTIP?	The Company believes that encouraging its employees, including Executive KMP, to become shareholders is the best way of aligning their interests with those of the Company's shareholders. Having a LTIP is also intended to be a retention incentive for employees (with a vesting period of at least three years before securities under the plan are available to employees).
How is the LTIP aligned to shareholder interests?	Employees only benefit from the LTIP when there is sustained superior share price performance of the Company compared to relevant peer group companies. This aligns the LTIP with the interests of shareholders.
What is the vehicle of the LTIP?	During the reporting period, the LTIP involved grants of 50% PRs and 50% SARs. A PR is a right to acquire one fully paid share in the Company provided a specified hurdle is met. SARs are rights to acquire shares in the Company to the value of the difference in the Company share price between the grant date and vesting date.
What is the maximum annual LTIP grant (% of Fixed Remuneration)?	Managing Director 100% Executive KMP 70% Senior staff 50%
What is the LTIP performance period?	The performance period is three years. Grants in years prior to the 2019 financial year allowed for re-testing 12 months following the end of the performance period. A re-test was considered appropriate because the Company's growth has been dependent on development of projects that have generally taken greater than three years from conception to start-up. Given the growth of the Company, including its development activities, the Company will no longer be reliant on single projects, such as the Sole development. As a consequence, the Board determined that re-testing would not form part of the terms of the Incentives for future grants. Re-testing is not a feature of the Equity Incentive Plan approved by shareholders at the 2019 Annual General Meeting.
What are the performance measures?	100% of the grant (both PRs and SARs) is subject to a Relative Total Shareholder Return performance measure. Relative Total Shareholder Return is a common long-term incentive measure across ASX-listed companies and is aligned with shareholder returns. Relative measures ensure that maximum incentives are only achieved if Cooper Energy's performance exceeds that of its peers and therefore supports competitive returns against other comparable organisations. In addition to the Relative Total Shareholder Return performance measure set by the Board, SARs by their nature also have a natural absolute total shareholder return measure. No SARs will be exercisable unless the share price appreciates over the measurement period.
What is the vesting schedule?	The level of vesting will be determined based on the ranking against the comparator group of companies in accordance with the following schedule: • below the 50th percentile no rights vest; • at the 50th percentile 30% of the rights vest; • between the 50th percentile and 90th percentile pro rata vesting; and • at the 90th percentile or above, 100% of the rights will vest. The vesting schedule reflects the Board's requirement that performance measures are challenging, and maximum award opportunities are only achieved by outstanding performance.
Which companies make up the Relative TSR peer group?	The Relative Total Shareholder Return of the Company is measured as a percentile ranking compared to the following comparator Group of 12 listed entities: Woodside Petroleum Limited; Oil Search Limited; Santos Limited; Beach Energy Limited; Senex Energy Limited; Karoon Gas Australia Limited; FAR Limited; Central Petroleum Limited; Buru Energy Limited; Carnarvon Petroleum Limited; Strike Energy Limited; Horizon Oil Limited. The peer group was based on a group of ASX-listed companies in the oil and gas sector, with a range of market capitalisation.

FY20 LTIP Plan Feature	Details
What happens on cessation of employment?	Generally, if an employee ceases employment prior to the vesting date (e.g. to take a position with another company), they will forfeit all awards. In the case of "qualifying leavers" as defined (examples of which include redundancy, retirement or incapacity) awards may be retained unless the Board determines otherwise. The Board also has a discretion to determine that some or all awards may be retained upon cessation of employment.
What happens if there is a change of control?	In the event of a change of control, unless the Board determines otherwise, pro-rata vesting will occur on the basis of the proportion of the relevant performance period that has elapsed.
Who can participate in the LTIP?	Eligibility is generally restricted to Executive KMP and other senior staff who are in a position to influence shareholder value the most.
Is there a cap on dilution?	5% total on issue (excluding KMP).
Will the Company make any changes to the LTIP for the grant to be made in the 2021 financial year?	It is not anticipated that the general structure of the LTIP will change for grants made in FY21. However, the Board will continue to review the appropriateness of the performance measures as the Company transitions from development to gas production and sale.

4.5 Cooper Energy's Five-Year Performance and Link to Remuneration

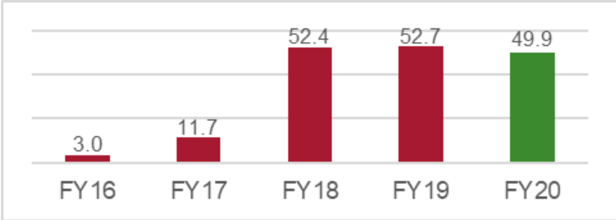
The following graphs illustrated the five-year performance and links to the remuneration strategy and framework:

Annual Production (MMboe)



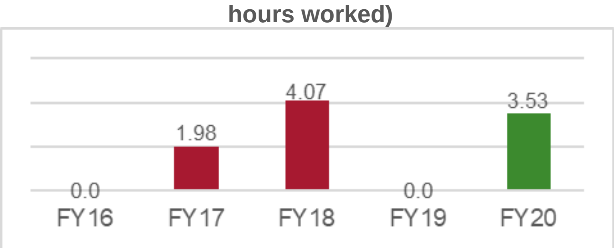
Links directly to Company STIP reward outcomes as an Operational & Financial KPI.

Proved & Probable Reserves (MMboe)



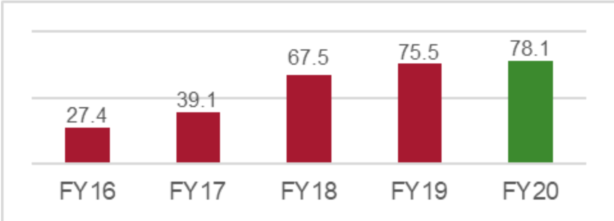
Links directly to Company STIP reward outcome as a Growth KPI.

Total Recordable Incident Frequency Rate (events per hours worked)



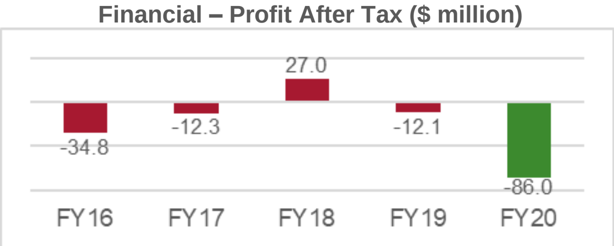
Links directly to Company STIP reward outcome as a Safety & Sustainability KPI.

Sales Revenue ($ million)



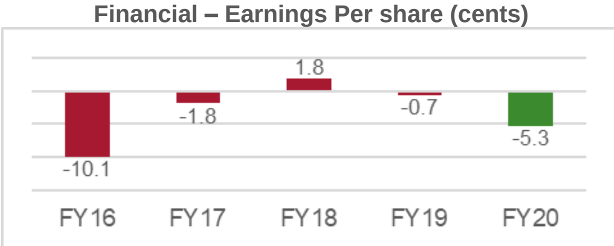
Links directly to Company STIP reward outcome as an Operational & Financial KPI.

Financial – Profit After Tax ($ million)



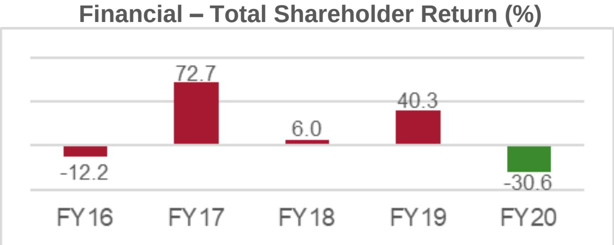
Links directly to Company STIP reward outcome as an Operational & Financial KPI through cost management.

Financial – Earnings Per share (cents)



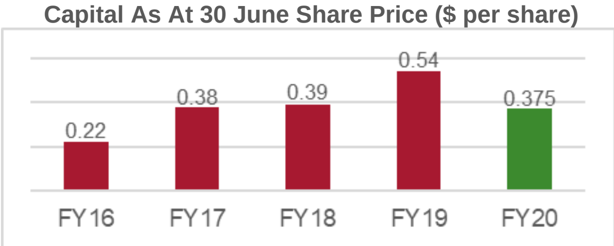
Links directly to Company LTIP reward outcome by increasing shareholder value.

Financial – Total Shareholder Return (%)



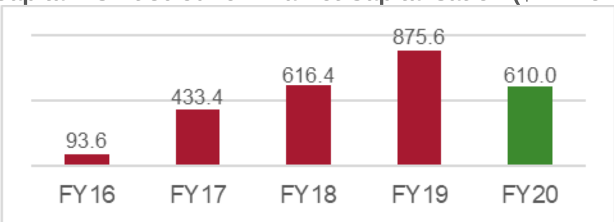
Links directly to Company LTIP reward outcome by increasing shareholder value.

Capital As At 30 June Share Price ($ per share)



Links directly to Company LTIP reward outcome by increasing shareholder value compared to peers.

Capital As At 30 June – Market Capitalisation ($ million)



Links directly to Company LTI reward outcome by increasing shareholder value compared to peers.

In FY20 and in the past 5 years dividends were not paid by the Company to its shareholders, nor was there a return of capital by the Company to its shareholders. However, Cooper Energy recorded a superior total shareholder return when compared to the large majority of its peers in both the short and long-term assessment periods. While the Company's share price decreased by 31% over the 2020 financial year, it has increased 1.8 times (share price increase of 83%) in the 5 years to 30 June 2020. Cooper Energy has outperformed most of its peer set on a 1 year basis and all on a 5 year basis.

4.6 2020 Executive KMP Performance and Remuneration Outcomes

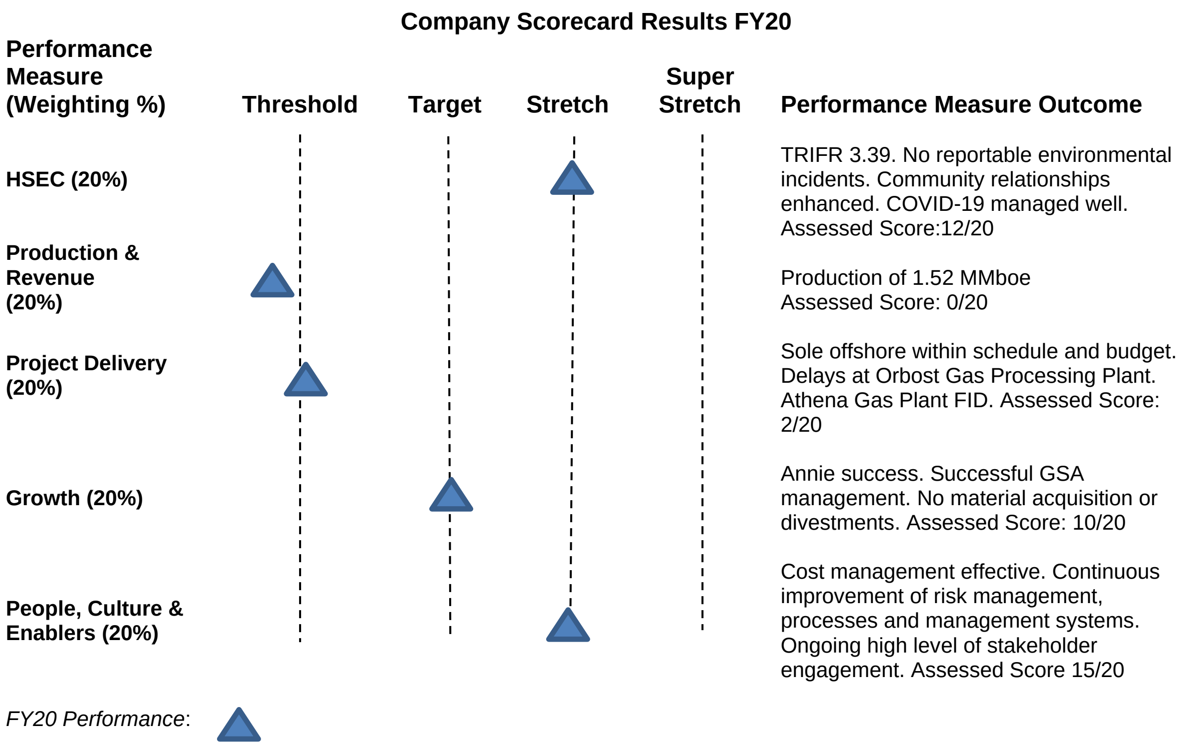
4.6.1 Fixed Annual Remuneration outcome

The Fixed Annual Remuneration for the Managing Director and other Executive KMP were reviewed at the end of the FY20 financial year. No increases to Fixed Annual Remuneration were awarded as a result of this review.

During FY20 Executive KMP Fixed Annual Remuneration increases were in the range of 2.86% - 7.59%, reflecting industry benchmarking and in line with the Company's remuneration strategy. The scope of the roles of some Executive KMP also materially increased in FY20.

4.6.2 STIP performance outcomes – Company Results

The Company Scorecard results for the reporting period ranged between Threshold and Stretch and cover the full FY20. The Company's FY20 result was a score of 39 out of 100.



4.6.3 STIP performance outcomes – Individual Results

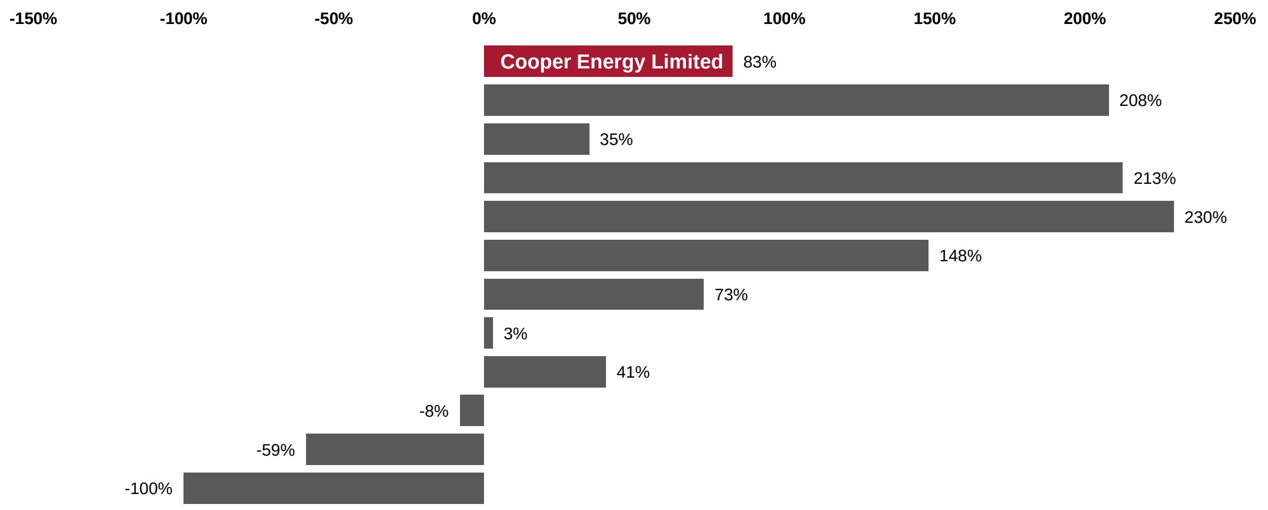
	Short Term Incentive (STI) for the year ended 30 June 2020				
	STI target % of Fixed Annual Remuneration	**STI maximum % of Fixed Annual Remuneration**	**Cash STI $**	**% earned of maximum STI opportunity**	**% forfeited of maximum STI opportunity**
Executive KMP					
Mr D. Maxwell	50%	100%	439,200	48.00%	52.00%
Mr A. Thomas	25%	50%	108,570	46.20%	53.80%
Ms V. Suttell	25%	50%	110,880	46.20%	53.80%
Ms A. Jalleh[1]	25%	50%	87,210	46.20%	53.80%
Mr I. MacDougall	25%	50%	98,325	42.75%	57.25%
Mr E. Glavas	25%	50%	98,175	46.20%	53.80%
Mr M. Jacobsen	25%	50%	102,293	44.48%	55.52%
Former Executive KMP					
Mr D. Clegg[2]	25%	50%	43,009	42.75%	57.25%

[1] Ms Jalleh commenced as an Executive KMP on 9 August 2019.
[2] Mr Clegg ceased as a member of the Executive Leadership Team on 31 December 2019.

4.6.4 LTIP Outcome

The Company's Relative Total Shareholder Return compared to the peer group is set out below for the LTIP grant that vested in December 2019. The base for the graph is December 2016, being the grant date of PRs and SARs that were made under the Company's Equity Incentive Plan. The terms of the Equity Incentive Plan are set out in section 4.4.5.

Share Price Performance of Cooper Energy Limited Versus the Then Applicable Peer Group - 8 December 2016 to 7 December 2019



The value of LTI that vested in December 2019 decreased compared to December 2018. The award which vested during the 2020 financial year contained fewer rights than the previous award which vested in December 2018. The vesting of this award was also impacted by the performance of the Company's share price against its peers over the measurement period.

Over the three-year measurement period from 8 December 2016 to 8 December 2019, Cooper Energy's total shareholder return was 83% and it achieved a Relative Total Shareholder Return percentile rank of 60%. This resulted in a vesting outcome of 47% of all performance rights and SARs that were granted in December 2016.

4.7 Executive KMP Employment Contracts

Each KMP has an ongoing employment contract. All KMP have termination benefits that are within the allowed limit in the *Corporations Act 2001* without shareholder approval. Contracts include the treatment of entitlements on termination in the event of resignation, with notice or for cause.

Key terms for each Executive KMP are set out below:

Executive KMP	Notice by Cooper Energy	Notice by Executive KMP	Indemnity Agreement	Treatment on Termination by Cooper Energy
David Maxwell	12 months	6 months	Company provides Indemnity Agreement, Directors and Officers indemnity insurance and access to Company records.	Where the Managing Director is not employed for the full period of notice a payment in lieu may be made. A payment in lieu of notice is based on Fixed Remuneration (base salary and superannuation). Upon termination, superannuation is not paid on accrued annual leave or long service leave. Unused personal leave is not paid out and is forfeited.
Other Executive KMP	6 months	3 months	Company provides Indemnity Agreement, Directors and Officers indemnity insurance and access to Company records.	Where an Executive KMP is not employed for the full period of notice a payment in lieu may be made. A payment in lieu of notice is based on Fixed Remuneration (base salary and superannuation). Upon termination, superannuation is not paid on accrued annual leave or long service leave. Unused personal leave is not paid out and is forfeited.

4.8 2020 Remuneration Outcomes for Executive KMP

4.8.1 Remuneration realised by Executive KMP in 2020 and 2019 (not audited)

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

This information is non-IFRS and is in addition to and different from the disclosures required by the *Corporations Act 2001* and Accounting Standards in the rest of the Remuneration Report and the tables in sections 4.8.2 and 4.9.3. The information in this section 4.8.1 is not audited.

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

- Fixed Annual Remuneration is base salary and superannuation (statutory and salary sacrifice);
- STIP cash payment made in October each year. This is the STIP awarded for performance over the 2018 and 2019 performance period i.e. the STIP paid in 2020 related to performance over the 2019 financial year and the STIP paid in 2019 related to performance over the 2018 financial year;
- LTIP realised based on the market value of PRs and SARs that vested in December 2018 & 2019 (granted in December 2015 & 2016 respectively); and
- "Other" is the value of benefits including fringe benefits tax on accommodation, car parking and other benefits.

Executive KMP	Year	Fixed Annual Remuneration[1] $	STIP[1] $	LTIP[1] $	Other $	Total $
Mr D. Maxwell	**2020**	**905,247**	**614,363**	**801,800**	**74,755**	**2,396,165**
	2019	845,000	646,000	2,476,215	80,904	4,048,119
Mr A. Thomas	**2020**	**463,250**	**148,793**	**286,646**	**6,515**	**905,204**
	2019	437,250	152,880	885,256	5,916	1,481,302
Ms V. Suttell	**2020**	**472,500**	**161,743**	**-**	**6,515**	**640,758**
	2019	435,520	166,306	-	5,916	607,742
Ms A. Jalleh[2]	**2020**	**347,532**	**-**	**-**	**35,535**	**383,067**
Mr I. MacDougall	**2020**	**453,750**	**131,075**	**274,891**	**6,515**	**866,231**
	2019	415,933	145,635	848,953	5,916	1,416,437
Mr E. Glavas	**2020**	**417,500**	**132,671**	**204,299**	**6,515**	**760,985**
	2019	390,000	141,703	630,939	5916	1,168,558
Mr M. Jacobsen	**2020**	**453,750**	**121,721**	**-**	**536**	**576,007**
	2019	401,342	164,535	-	536	566,413
Former Executive KMP						
Ms A. Evans[3]	**2020**	**117,370**	**114,471**	**144,100**	**4,384**	**380,325**
	2019	351,000	127,533	425,971	5,916	910,420
Mr D. Clegg[4]	2020	**257,045**	**155,587**	**-**	**268**	**412,900**
	2019	524,018	182,000	-	536	706,554

[1]Amounts above include adjustments for unpaid leave where applicable. Disclosure of realised LTIP in 2019 was the accounting fair value of rights that vested during the period. Comparatives have been revised to reflect the market value of the vested shares at the time of issue.
[2]Ms Jalleh commenced as an Executive KMP on 9 August 2019 and her entitlements are prorated.
[3]Ms Evans worked part time and ceased as an Executive KMP on 9 August 2019 (0.9 full time equivalent to 28 June 2019, and 0.4 full time equivalent to 20 December 2019). Her FY20 entitlements are prorated.
[4]Mr Clegg ceased to be a member of the Executive Leadership Team and as an Executive KMP on 31 December 2019.

4.8.2 Table of Executive KMP Statutory Remuneration Disclosure for 2020 and 2019 financial years

		Benefits						
		Short-term			Long-term	Post-Employment[c]	Share Based Remuneration[e]	
		Base salary	STIP[a]	Other Short-term Benefits[b]	Long Service Leave	Superannuation[d]	LTIP	Total
Executive KMP		**$**	**$**	**$**	**$**	**$**	**$**	**$**
Mr D. Maxwell	**2020**	**884,245**	**510,298**	**74,755**	**17,601**	**21,003**	**762,633**	**2,270,535**
	2019	824,469	622,946	80,904	34,796	20,531	739,175	2,322,821
Mr A. Thomas	**2020**	**442,247**	**123,270**	**6,515**	**16,993**	**21,003**	**258,707**	**868,735**
	2019	416,719	145,374	5,916	16,358	20,531	249,745	854,643
Ms V. Suttell	**2020**	**451,497**	**136,412**	**6,515**	**35,691**	**21,003**	**219,540**	**870,658**
	2019	414,989	164,023	5,916	-	20,531	133,503	738,962
Ms A. Jalleh[f]	**2020**	**328,279**	**87,210**	**35,535**	**-**	**19,252**	**41,231**	**511,507**
Mr I. MacDougall	**2020**	**432,747**	**97,729**	**6,515**	**10,572**	**21,003**	**254,572**	**823,138**
	2019	395,402	135,829	5,916	14,303	20,531	244,208	816,189
Mr E. Glavas	**2020**	**396,497**	**111,282**	**6,515**	**5,257**	**21,003**	**224,387**	**764,941**
	2019	369,469	134,847	5,916	13,548	20,531	202,241	746,552
Mr M. Jacobsen	**2020**	**432,747**	**92,343**	**536**	**17,017**	**21,003**	**216,800**	**780,446**
	2019	380,811	154,729	536	13,730	20,531	134,073	704,410
Former Executive KMP								
Ms A. Evans[g]	**2020**	**107,923**	**6,864**	**4,384**	**(55,618)**	**9,446**	**154,624**	**227,623**
	2019	330,469	121,362	5,916	12,472	20,531	166,114	656,864
Mr D. Clegg[h]	**2020**	**246,544**	**39,682**	**268**	**-**	**10,501**	**99,576**	**396,571**
	2019	503,487	172,380	536	-	20,531	160,349	857,283

a) The STIP values noted for 2020 and 2019 include an under/over accrual representing the delta between the prior period accrual and what was actually paid in respect of that year. This variance will not exist in future periods. Refer to 4.6.3 for STIP amount earnt in FY20 which will be paid in FY21.
b) Other short-term benefits include fringe benefits on accommodation, car parking and other benefits.
c) Superannuation is the only applicable post-employment benefit ie. No pension or similar benefits for Executive KMP.
d) Superannuation includes the amounts required to be contributed by the Company and does not include amounts salary sacrificed.
e) In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the value of the equity-linked compensation determined as at the grant date of the PRs and progressively expensed over the vesting period. The amount allocated as remuneration is not relative to or indicative of the actual benefit (if any) that may ultimately be realised should the equity instruments vest. The value of the PRs was determined in accordance with AASB 2 Share-based Payments and is discussed in Section 4.11 above and in more detail in Note 27 of the Notes to the Financial Statements.
f) Ms Jalleh commenced as an Executive KMP on 9 August 2019 and her entitlements are prorated.
g) Ms Evans worked part time and ceased as an Executive KMP on 9 August 2019 (0.9 full time equivalent to 28 June 2019, and 0.4 full time equivalent to 20 December 2019). Her FY20 entitlements are prorated. The negative value for long service leave is as a result of the unwinding of the accrual on cessation of employment.
h) Mr Clegg ceased to be a member of the Executive Leadership Team and as an Executive KMP on 31 December 2019.

4.8.3 Performance Rights and Share Appreciation Rights accounting for the reporting period.

The value of the PRs and SARs issued under the Equity Incentive Plan is recognised as Share Based Payments in the Company's statement of comprehensive income and amortised over the vesting period. PRs and SARs were granted under the Equity Incentive Plan on 10 December 2019. The PRs and SARs were granted for no consideration and the employee received no cash benefit at the time of receiving the rights. The cash benefit will be received by the employee following the sale of the resultant shares, which can only be achieved after the rights have been vested and the shares are issued.

PRs and SARs granted under the Equity Incentive Plan were valued by an independent consultant who applied the Monte Carlo simulation model to determine the probability of achievement of the Relative Total Shareholder Return against performance conditions.

The value of PRs and SARs shown in the tables below are the accounting fair values for grants in the reporting period:

	Performance Rights (Equity Incentive Plan)				Share Appreciation Rights (Equity Incentive Plan)			
	No. of rights granted during period	Fair value of rights at grant date	No. of rights vested during period	% of rights vested to 30 June 2020	No. of rights granted during period	Fair value of rights at grant date	No. of rights vested during period	% of rights vested to 30 June 2020
Directors								
Mr D. Maxwell	795,652	299,961	637,598	41%	2,779,465	439,155	1,666,575	41%
Executive KMP								
Mr A. Thomas	286,086	107,854	227,943	42%	999,392	157,904	595,807	42%
Ms V. Suttell	292,173	110,149	-	0%	1,020,656	161,264	-	0%
Ms A. Jalleh[1]	228,260	86,054	-	0%	797,387	125,987	-	0%
Mr I. MacDougall	280,000	105,560	218,595	42%	978,128	154,544	571,373	42%
Mr E. Glavas	258,695	97,528	162,460	38%	903,705	142,785	424,643	38%
Mr M. Jacobsen	280,000	105,560	-	0%	978,128	154,544	-	0%
Former Executive KMP								
Ms A. Evans[2]	-	-	114,935	38%	-	-	300,259	40%
Mr D. Clegg[3]	328,695	123,918	-	0%	1,148,238	181,422	-	0%

[1] Ms Jalleh commenced as an Executive KMP on 9 August 2019.
[2] Ms Evans ceased as an Executive KMP on 9 August 2019.
[3] Mr Clegg ceased as a member of the Executive Leadership Team and as an Executive KMP on 31 December 2019.

The vesting date of the PRs granted on 11 December 2019 is 10 December 2022. The fair value of these rights is $0.38 per right and the share price on grant date was $0.575. The performance period for these PRs commenced on 11 December 2019.

The vesting date of the SARs granted on 11 December 2019 is 10 December 2022. The fair value of these rights is $0.158 per right and the share price on grant date was $0.575. The performance period for these SARs commenced on 11 December 2019.

4.8.4 Movement in Performance Rights (PRs)

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

Performance Rights (Equity Incentive Plan)	Held at 1 July 2019	Granted	Lapsed	Vested & Exercised	Held at 30 June 2020
Directors					
Mr D. Maxwell[1]	3,831,347	795,652	-	637,598	3,989,401
Mr H. Gordon[2]	365,449	-	-	184,766	180,683
Executive KMP					
Mr A. Thomas	1,289,106	286,086	-	227,943	1,347,249
Ms V. Suttell	831,739	292,173	-	-	1,123,912
Ms A. Jalleh[3]	-	228,260	-	-	228,260
Mr I. MacDougall	1,264,490	280,000	-	218,595	1,325,895
Mr E. Glavas	1,069,364	258,695	-	162,460	1,165,599
Mr M. Jacobsen	832,131	280,000	-	-	1,112,131
Former Executive KMP					
Ms A. Evans[4]	901,324	-	-	114,935	786,389
Mr D. Clegg[5]	996,103	328,695	-	-	1,324,798

[1] As a consequence of the Equity Incentive Plan amendments approved by shareholders at the Company's Annual General Meeting held on 7 November 2019 (see note below), the terms of the PRs held by Mr Maxwell at 1 July 2019 were also amended.
[2] PRs were granted to Mr Gordon when he was an Executive Director.
[3] Ms Jalleh commenced as an Executive KMP on 9 August 2019.
[4] Ms Evans ceased as an Executive KMP on 9 August 2019.
[5] Mr Clegg ceased as a member of the Executive Leadership Team and as an Executive KMP on 31 December 2019.

The terms of the PRs held at 1 July 2019 were amended following shareholder approval at the Company's Annual General Meeting held on 7 November 2019 to provide that "good leavers" would retain rights held upon cessation of employment, subject to a Board discretion to determine otherwise. Rights were also amended to provide for pro-rata vesting of rights upon a change of control event on the basis of the proportion of the relevant performance period that has elapsed.

4.8.5 Movement in Share Appreciation Rights (SARs)

Share Appreciation Rights (Equity Incentive Plan)[6]	Held at 1 July 2019	Granted	Lapsed	Vested & Exercised[6]	Held at 30 June 2020
Directors					
Mr D. Maxwell[1]	9,931,619	2,779,465	-	1,666,575	11,044,509
Mr H. Gordon[2]	949,623	-	-	482,951	466,672
Executive KMP					
Mr A. Thomas	3,348,742	999,392	-	595,807	3,752,327
Ms V. Suttell	2,161,975	1,020,656	-	-	3,182,631
Ms A. Jalleh[3]	-	797,387	-	-	797,387
Mr I. MacDougall	3,284,013	978,128	-	571,373	3,690,768
Mr E. Glavas	2,777,795	903,705	-	424,643	3,256,857
Mr M. Jacobsen	2,160,526	978,128	-	-	3,138,654
Former Executive KMP					
Ms A. Evans[4]	2,341,065	-	-	300,259	2,040,806
Mr D. Clegg[5]	2,586,954	1,148,238	-	-	3,735,192

The movement during the reporting period in the number of SARs granted held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:
[1] As a consequence of the Equity Incentive Plan amendments approved by shareholders at the Company's Annual General Meeting held on 7 November 2019 (see note below), the terms of the SARs held by Mr Maxwell at 1 July 2019 were also amended.
[2] SARs were granted to Mr Gordon when he was an Executive Director.
[3] Ms Jalleh commenced as an Executive KMP on 9 August 2019.
[4] Ms Evans ceased as an Executive KMP on 9 August 2019.
[5] Mr Clegg ceased as a member of the Executive Leadership Team and as an Executive KMP on 31 December 2019.
[6] SARs represent the right to receive a quantity of shares based on an amount equal to the difference in share price at grant date and test date.

The terms of the SARs held at 1 July 2019 were amended following shareholder approval at the Company's Annual General Meeting held on 7 November 2019 to provide that "good leavers" would retain rights held upon cessation of employment, subject to a Board discretion to determine otherwise. Rights were also amended to provide for pro-rata vesting of rights upon a change of control event on the basis of the proportion of the relevant performance period that has elapsed.

4.9 Nature of Non-Executive Director remuneration

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

4.9.1 Non-Executive Director Fee Structure

The maximum aggregate remuneration pool for Non-Executive Directors, as approved by shareholders at the Company's 2018 Annual General Meeting, is $1.25 million. The Non-Executive Directors' fee structure for the reporting period was as follows (note there is no proposed change in Directors fees for 2021):

Role	Board	Audit Committee	Risk & Sustainability Committee	People and Remuneration Committee	Nomination Committee
Chairman*	$240,000	$20,000	$20,000	$20,000	$0
Member	$115,000	$10,000	$10,000	$10,000	$5,000

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

Remuneration paid to the Non-Executive Directors for the reporting period and for the previous reporting period is shown in the table in Section 4.9.3.

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

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

4.9.2 Directors & Executives movement in shares

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

	Held at 1 July 2019	Purchases	Received on vesting of PRs & SARs	Sales	Held at 30 June 2020
Directors					
Mr J. Conde AO	859,093	-	-	-	859,093
Mr D. Maxwell	17,416,881	-	1,457,484	-	18,874,365
Ms E. Donaghey	160,000	-	-	-	160,000
Mr H. Gordon	2,673,781	-	422,357	-	3,096,138
Mr J. Schneider	1,016,594	-	-	-	1,016,594
Ms A. Williams	179,444	-	-	-	179,444
Ms V. Binns[1]	-	-		-	-
Mr T. Bednall[1]	44,499	-		-	44,499
Executive KMP					
Mr A. Thomas	4,328,970	-	521,055	-	4,850,025
Ms V. Suttell	40,600	-	-	-	40,600
Ms A. Jalleh[2]	-	-	-	-	-
Mr I. MacDougall	2,677,157	-	499,687	-	3,176,844
Mr E. Glavas	1,712,405	-	371,367	-	2,083,772
Mr M. Jacobsen	-	-	-	-	-
Former Executive KMP					
Ms A. Evans[3]	1,821,381	-	262,114	-	2,083,495
Mr D. Clegg[4]	135,000	-	-	-	135,000

[1] Ms Binns and Mr Bednall were appointed to a casual vacancy as Non-Executive Directors during the reporting period. Their appointments are to be confirmed by shareholders at the 2020 annual general meeting scheduled for 12 November 2020. Mr Bednall held these shares at the time of his appointment as a Non-Executive Director (casual vacancy).
[2] Ms Jalleh commenced as an Executive KMP on 9 August 2019.
[3] Ms Evans ceased as an Executive KMP on 9 August 2019.
[4] Mr Clegg ceased as a member of the Executive Leadership Team on 31 December 2019.

Options

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

4.9.3 Table of Directors' remuneration for 2020 and 2019 financial years

		Benefits						
		Short-term			Long Term	Post-Employment	Share Based Remuneration [d]	
		Base Salary & Fees	STIP [a]	Other Short-Term Benefits [b]	Long Service Leave	Superannuation [c]	LTIP	Total
Directors		**$**	**$**	**$**	**$**	**$**	**$**	**$**
Mr J. Conde AO	**2020**	**219,178**	**-**	**-**	**-**	**20,822**	**-**	**240,000**
	2019	191,781	-	-	-	18,219	-	210,000
Mr D. Maxwell	**2020**	**884,245**	**510,298**	**74,755**	**17,601**	**21,003**	**762,633**	**2,270,535**
	2019	824,469	622,946	80,904	34,796	20,531	739,175	2,322,821
Ms E. Donaghey	**2020**	**137,131**	**-**	**-**	**-**	**13,027**	**-**	**150,158**
	2019	91,324	-	-	-	8,875	-	100,199
Mr H. Gordon	**2020**	**136,225**	**-**	**-**	**-**	**12,941**	**31,926**	**181,092**
	2019	118,722		-	-	11,278	93,091	223,091
Mr J. Schneider	**2020**	**136,986**	**-**	**-**	**-**	**13,014**	**-**	**150,000**
	2019	118,722	-	-	-	11,279	-	130,001
Ms V. Binns[e]	**2020**	**40,335**	**-**	**-**	**-**	**3,832**	**-**	**44,167**
Mr T. Bednall[e]	**2020**	**30,863**	**-**	**-**	**-**	**2,932**	**-**	**33,795**
Ms A. Williams	**2020**	**136,225**	**-**	**-**	**-**	**12,941**	**-**	**149,166**
	2019	118,722	-	-	-	11,279	-	130,001

a) The STIP values noted for 2020 and 2019 include an under/over accrual representing the delta between the prior period accrual and what was actually paid in respect of that year. This variance will not exist in future periods. Refer to 4.6.3 for STIP amount earnt in FY20 which will be paid in FY21.
b) Other short-term benefits include fringe benefits on accommodation, car parking and other benefits.
c) Superannuation includes the amounts required to be contributed by the Company and does not include amounts salary sacrificed.
d) In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the value of the equity-linked compensation determined as at the grant date of the PRs and progressively expensed over the vesting period. The amount allocated as remuneration is not relative to or indicative of the actual benefit (if any) that may ultimately be realised should the equity instruments vest. The value of the PRs was determined in accordance with AASB 2 Share-based Payments and is discussed in Section 4.7.1 above and in more detail in Note 27 of the Notes to the Financial Statements. PRs and SARs were granted to Mr Gordon when he was an Executive Director.
e) Ms Binns and Mr Bednall were appointed to a casual vacancy as Non-Executive Directors on the dates above. Their appointments are to be confirmed by shareholders at the 2020 annual general meeting scheduled for 12 November 2020.

End of remuneration report.

5. Principal activities

Cooper Energy is an upstream oil and gas exploration and production company whose primary purpose is to secure, find, develop, produce and sell hydrocarbons. These activities are undertaken either solely or via unincorporated joint ventures. There was no significant change in the nature of these activities during the year.

6. Operating and Financial Review

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

7. Dividends

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

8. Environmental regulation

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

9. Likely developments

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

10. Directors' interests

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

	Ordinary Shares	Performance Rights	Share Appreciation Rights
Mr J. Conde AO	859,093	Nil	Nil
Mr D. Maxwell	18,874,365	3,989,401	11,044,509
Mr T. Bednall	44,499	Nil	Nil
Ms V. Binns	Nil	Nil	Nil
Ms E. Donaghey	160,000	Nil	Nil
Mr H. Gordon	3,096,138	180,683	466,672
Mr J. Schneider	1,016,594	Nil	Nil
Ms A. Williams	179,444	Nil	Nil

11. Share options and rights

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

At the date of this report, there are 17,862,629 outstanding PRs and 48,280,025 SARs under the Equity Incentive Plan approved by shareholders at the 2019 AGM.

During the financial year 5,096,588 shares were issued as a result of PRs exercised. At the date of this report, no PRs have vested and been exercised subsequent to 30 June 2020.

12. Events after financial reporting date

Refer to Note 30 of the Notes to the Financial Statements.

13. Proceedings on behalf of the Company

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

14. Indemnification and insurance of directors and officers

14.1 Indemnification

The parent entity has agreed to indemnify the current Directors and past Directors of the parent entity and of the subsidiaries, where applicable, against all liabilities (subject to certain limited exclusions) to persons (other than the Group or a related body corporate) which arise out of the performance of their normal duties as a Director or Executive Director unless the liability relates to conduct involving a lack of good faith. The parent entity has agreed to indemnify the Directors and Executive Directors against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

14.2 Insurance premiums

During the financial year, the parent entity has paid insurance premiums in respect of Directors' and Officers' liability and legal insurance contracts for current and former Directors and Officers including senior employees of the Parent entity. The insurance premium relates to costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage. The insurance policy outlined above does not contain details of premiums paid in respect of individual Directors, Officers and senior employees of the parent entity.

15. Indemnification of auditors

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

16. Auditor's independence declaration

The auditor's independence declaration is set out on page 95 and forms part of the Directors' report for the financial year ended 30 June 2020.

17. Non-audit services

The amounts paid and payable to the auditor of the Group, Ernst & Young and its related practices for non-audit services provided during the year was $187,915 (2019: $193,650). The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

18. Rounding

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

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

Mr John C. Conde AO	Mr David P. Maxwell
Chairman	**Managing Director**

Dated at Adelaide 31 August 2020

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Revenue from oil and gas sales	2	**78,139**	75,543
Cost of sales	2	**(54,520)**	(43,570)
Gross profit		**23,619**	31,973
Other income	2	**19,828**	796
Other expenses	2	**(147,546)**	(44,422)
Finance income	19	**1,728**	3,398
Finance costs	19	**(7,587)**	(4,972)
Loss before tax		**(109,958)**	(13,227)
Income tax benefit	3	**25,575**	10,040
Petroleum Resource Rent Tax expense	3	**(1,646)**	(8,864)
Total tax benefit		**23,929**	1,176
Loss after tax for the period attributable to shareholders		**(86,029)**	(12,051)
Other comprehensive income/(expenditure)			
Items that will be reclassified subsequently to profit or loss			
Reclassification during the period to profit or loss of realised hedge settlements	22	**(1,173)**	-
Fair value movements on interest rate swaps accounted for in a hedge relationship	22	**2,140**	(1,277)
Income tax effect on fair value movement on derivative financial instrument	22	**(383)**	383
Items that will not be reclassified subsequently to profit or loss			
Fair value movement on equity instruments at fair value through other comprehensive income	20	**(690)**	(989)
Other comprehensive income/(expenditure) for the period net of tax		**(106)**	(1,883)
Total comprehensive loss for the period attributable to shareholders		**(86,135)**	(13,934)
		Cents	Cents
Basic (loss)/earnings per share	4	**(5.3)**	(0.7)
Diluted (loss)/earnings per share	4	**(5.3)**	(0.7)

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

Consolidated Statement of Financial Position
As at 30 June 2020

	Notes	2020 $'000	2019 $'000
Assets			
Current Assets			
Cash and cash equivalents	5	**131,583**	164,289
Trade and other receivables	6	**19,996**	21,169
Prepayments	7	**6,106**	3,346
Inventory	8	**822**	426
Total Current Assets		**158,507**	189,230
Non-Current Assets			
Other financial assets	21	**21,532**	21,740
Property, plant and equipment	10	**16,366**	4,580
Intangible assets	11	**1,878**	36
Right-of-use assets	16	**9,738**	-
Exploration and evaluation assets	12	**159,078**	152,268
Oil and gas assets	13	**615,980**	613,198
Deferred tax asset	3	**46,836**	20,757
Total Non-Current Assets		**871,408**	812,579
Total Assets		**1,029,915**	1,001,809
Liabilities			
Current Liabilities			
Trade and other payables	9	**21,183**	44,533
Provisions	15	**19,902**	11,131
Lease liabilities	16	**1,045**	-
Other financial liabilities	21	**-**	1,758
Interest bearing loans and borrowings	18	**26,000**	-
Total Current Liabilities		**68,130**	57,422
Non-Current Liabilities			
Provisions	15	**374,671**	276,789
Lease liabilities	16	**12,004**	-
Government grants	17	**-**	430
Interest bearing loans and borrowings	18	**203,438**	213,680
Other financial liabilities	21	**3,642**	3,482
Deferred Petroleum Resource Rent Tax Liability	3	**16,948**	16,293
Total Non-Current Liabilities		**610,703**	510,674
Total Liabilities		**678,833**	568,096
Net Assets		**351,082**	433,713
Equity			
Contributed equity	20	**475,862**	474,397
Reserves	20	**11,180**	9,247
Accumulated losses	20	**(135,960)**	(49,931)
Total Equity		**351,082**	433,713

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

Consolidated Statement of Changes in Equity

For the Year ended 30 June 2020

	Notes	Issued Capital $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2019		**474,397**	**9,247**	**(49,931)**	**433,713**
Loss for the period		**-**	**-**	**(86,029)**	**(86,029)**
Other comprehensive expenditure		**-**	**(106)**	**-**	**(106)**
Total comprehensive loss for the period		**-**	**(106)**	**(86,029)**	**(86,135)**
Transactions with owners in their capacity as owners:					
Share based payments	20	**-**	**3,504**	**-**	**3,504**
Transferred to issued capital	20	**1,465**	**(1,465)**	**-**	**-**
Balance as at 30 June 2020		**475,862**	**11,180**	**(135,960)**	**351,082**
Balance at 1 July 2018		471,837	9,925	(37,880)	443,882
Loss for the period		-	-	(12,051)	(12,051)
Other comprehensive expenditure		-	(1,883)	-	(1,883)
Total comprehensive gain for the period		-	(1,883)	(12,051)	(13,934)
Transactions with owners in their capacity as owners:					
Share based payments	20	-	3,422	-	3,422
Transferred to issued capital	20	2,217	(2,217)	-	-
Shares issued	20	343	-	-	343
Balance as at 30 June 2019		474,397	9,247	(49,931)	433,713

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Receipts from customers		**98,327**	79,873
Payments to suppliers and employees		**(49,532)**	(44,510)
Payments of exit provision		**-**	(3,133)
Payments for restoration		**(2,544)**	(14,348)
Petroleum Resource Rent Tax refund/(paid)		**4,112**	(530)
Interest received		**1,248**	3,152
Interest paid		**(3,549)**	-
Net cash from operating activities	5	**48,062**	20,504
Cash Flows from Investing Activities			
Transfers to term deposits		**-**	16
Transfers from/(to) escrow proceeds receivable		**-**	20,571
Payments for property, plant and equipment		**(5,947)**	(2,571)
Payments for intangibles		**(2,018)**	(36)
Receipts of consideration receivable		**-**	894
Payments for exploration and evaluation		**(35,057)**	(11,962)
Payments for oil and gas assets		**(38,703)**	(180,010)
Interest paid		**(9,665)**	(11,015)
Net cash flows used in investing activities		**(91,390)**	(184,113)
Cash Flows from Financing Activities			
Repayment of principal portion of lease liabilities		**(698)**	-
Proceeds from borrowings	5	**11,284**	92,290
Transaction costs associated with borrowings		**(257)**	(1,559)
Net cash flow from financing activities		**10,329**	90,731
Net (decrease)/increase in cash held		**(32,999)**	(72,878)
Net foreign exchange differences		**293**	260
Cash and cash equivalents at 1 July		**164,289**	236,907
Cash and cash equivalents at 30 June	5	**131,583**	164,289

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

Corporate information

The consolidated financial report of Cooper Energy Limited and its controlled entities ("Cooper Energy" or "the Group") for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 31 August 2020. Cooper Energy Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Statutory Report and Note 1.

Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

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

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

A global pandemic was declared in March 2020 in relation to COVID-19. Price assumptions for oil and uncontracted gas have been revised to reflect the lower, post-COVID-19 prices, resulting in impairment recognised by the Group. Beyond the impact of the oil and gas prices, there has not been a significant impact on the operations of the Group. Further information on the Group's response to COVID-19 has been included within the Operating and Financial Review.

Going concern basis

The consolidated financial statements have been prepared on the basis that the Group is a going concern, which contemplates continuity of normal operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

At the date of this report, it is the directors' view that there are reasonable grounds to believe that the Group will continue as a going concern, having considered the matters set out below in the section titled Significant accounting judgements, estimates and assumptions "Funding and liquidity and progress towards Practical Completion of the Sole Gas Project".

Basis of consolidation

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

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All inter-company balances and transactions, income and expenses and profit and losses arising from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which the Group gains control of the subsidiary and cease to be consolidated from the date on which the Group ceases to control the subsidiary.

Significant accounting judgements, estimates and assumptions

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

Note 3	Income tax	Note 16	Leases
Note 13	Oil and gas assets	Note 23	Interests in joint arrangements
Note 14	Impairment	Note 27	Share based payments
Note 15	Provisions		

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

Significant Accounting Judgements, Estimates and Assumptions

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

Estimates of recoverable hydrocarbons are evaluated and reported by qualified petroleum reserves and resources evaluators in accordance with the ASX Listing Rules and the Group's Hydrocarbon Guidelines (www.cooperenergy.com.au/our-company/corporate-governance-and-policies/hydrocarbon-reporting-policy). A technical understanding of the geological and engineering processes enables the recoverable hydrocarbon estimates to be determined by using forecasts of production, commodity prices, production costs, exchange rates, tax rates and discount rates.

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

Funding and liquidity and progress towards Practical Completion of the Sole Gas Project
The Sole Gas Project involved development of the Sole gas field by Cooper Energy and upgrading of the Orbost Gas Processing Plant (OGPP) to process Sole gas by the APA Group. Commissioning of the plant upgrade is yet to meet the performance standards for completion, which include demonstrated capacity to supply 68 TJ/day of Sole gas into the Eastern Gas Pipeline.

Foaming in the absorber section of the plant has impaired output rates from the OGPP and been accompanied by fouling which required two shutdowns for maintenance prior to 30 June. The shutdowns and optimisation of operations by APA have resulted in improved plant performance but have not been sufficient for the plant to reach the required demonstrated capacity to achieve Practical Completion.

APA and Cooper Energy are working collaboratively to improve plant performance to that required for the completion of commissioning. Subsequent to year-end the two companies announced a Transition Agreement (TA) which establishes the commercial framework for this collaboration and progress towards the commencement of firm gas supply and the practical completion of the OGPP. Under the agreement revenue and operating and capital costs will be shared while the OGPP proceeds to Practical Completion.

Root cause analysis to identify the cause of the foaming, has been ongoing with involvement of the OGPP technology provider. APA has conducted minor plant modifications to improve performance, with further modifications planned for completion in September 2020. Planning is also underway for Phase 2 works to increase gas processing capacity, which will include the flexibility to reconfigure the two absorber vessels from a sequential to a parallel arrangement.

The uncertainties associated with the progress to Practical Completion of the OGPP have required management to make significant accounting judgments and estimates. These are set out below.

Progress of the OGPP and the Sole Gas project to Practical Completion
The Phase 2 works (scope currently being finalised and subject to approval) are currently planned to commence in the December quarter (timing subject to supply chain and COVID-19 restrictions) for the resumption of production in the latter half of that quarter. The cost of the Phase 2 works has not been finalised, with current estimates being $15 million (Cooper Energy share $7.5 million).

Commencement of term gas supply contracts from Sole has been deferred until the earlier of January 2021 or when permitted by the commencement of firm supply from the OGPP. Whilst OGPP has demonstrated capability to maintain stable supply of 40-45 TJ/day, Cooper Energy and APA are working to establish firm supply capability from the plant in advance of Practical Completion.

The uncertainties associated with near term sales volumes, the extent to which those volumes will be sold at spot market prices versus GSA prices, costs of Phase 2 works, and timing of Practical Completion are all estimates which impact on the financial outcomes of the project. This has been considered in the impairment assessment performed for the Sole CGU. Further details are set out in Note 14.

The progress towards Practical Completion also impacts on the accounting for the OGPP arrangement, including when the lease will be considered to commence. Further details, including the judgments involved, are set out in the New accounting standard and interpretation section that follows.

Impacts on funding, liquidity and going concern:
Cooper Energy's development of the Sole gas field was funded through the Company's Reserve Based Lending facility (RBL). The RBL was established principally to fund the Sole Gas Project capital expenditures and is secured against Group Borrowing Based Assets. A requirement under the RBL was for project completion to occur by 31 July 2020 with a long-stop date of 31 August 2020. Prior to 30 June 2020, the lending syndicate agreed to review and reset these dates once appropriate information has been made available pertaining to the additional technical works required to reach full processing capacity levels. All covenant requirements, which comprise primarily of information requests under the current terms, were met at 30 June 2020, or waived prior to that date. Accordingly, at 30 June 2020, amounts drawn under the RBL facility have been classified as current or non-current according to the repayment profile expected to apply under the terms of the Syndicated Facility Agreement (SFA) following completion of the Sole Gas Project. Refer Note 18.

As at the date of the report, the Group has met and continues to meet all the requirements under the RBL. As noted, the lending syndicate has agreed to review and reset dates for Practical Completion once further information is made available. The lending syndicate has agreed to the provision of information requested in the fourth quarter of calendar 2020, when they will assess the information provided. The revised plan requires approval from Lenders. Failure to provide the information requested by Lenders within agreed timeframes, or failure to agree the technical plan and revised date for Project Completion is a review event under the SFA.

The directors believe the Company will be able to provide the required information within agreed timeframes and reach agreement on the path to achieve project completion. This view has been made on the basis of technical work already progressed alongside APA as operator of the OGPP, commercial arrangements under a TA entered into with APA in August 2020 to facilitate full processing capacity levels, and the discussions with and continuing support from the Company's lenders and gas customers.

The Group holds significant cash balances of $131.6 million as at the end of the reporting period and has drawn debt of $229.4 million at that date. Cash flow forecasts for the Group, inclusive of the impact of the TA and under various scenarios that have been modelled, indicate that the Group can continue to meet its obligations and commitments including servicing debt for at least the next 12 months from the date of this report under the existing RBL facility. There is judgment involved in assessing the cash flows that will be required post Practical Completion as the RBL was designed to allow for a reset or redetermination at that time. Under the reasonably possible scenarios modelled, the Group maintains at all times the liquidity levels required under the RBL facility.

Throughout commissioning of the OGPP, Cooper Energy has ensured the lending syndicate has been kept fully apprised of the commissioning status of the OGPP. While the facility does allow for a Review Event under certain circumstances, the mechanisms in the SFA requires Lenders to negotiate in good faith to agree outcomes under the existing structure of the RBL facility. The directors consider that if a Review Event is called, the possibility of an Event of Default occurring due to an inability of Cooper Energy and the Lenders to agree the relevant matters is remote.

The syndicate holds security over the company's 2P Reserves and Gas Sales Agreements with customers for offtake from Sole. In parallel to other workstreams, Cooper Energy has worked with customers to defer commencement of Gas Sales Agreements and is currently providing available volumes to customers at spot gas prices. It is the view of the directors based on current indications and advice that the lending syndicate will continue to support Cooper Energy and the Sole Gas Project, including the likely agreement of amendments to the RBL, as anticipated through the mechanisms in the SFA, once a technical plan is finalised and approved by APA and Cooper Energy.

New accounting standards and interpretations

New standards, interpretations and amendments thereof, adopted by the Group
The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the 2020 financial year.

The Group has adopted AASB 16 *Leases* (AASB 16) and AASB Interpretation 23 *Uncertainty Over Income Tax Treatments*, issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current year.

AASB 16 *Leases*
The Group adopted AASB 16 from 1 July 2019. AASB 16 introduced a single, on-balance sheet accounting model for leases, which replaced AASB 117 *Leases,* AASB Interpretation 4 *Determining Whether an Arrangement contains a Lease,* AASB Interpretation 127 *Evaluation of the Substance of Transactions Involving the Legal Form of a Lease* and AASB Interpretation 115 *Operating Leases – Incentives*. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease depending on whether risks and rewards incidental to ownership of the leased asset transferred to the Group. Under this approach only finance leases were recognised on the balance sheet from the lease commencement date. Upon adoption of AASB 16, the Group applied a single on-balance sheet recognition and measurement approach for all leases for which it is the lessee. The Group has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

In accordance with the transition provisions of AASB 16, the Group has adopted the modified retrospective method, measuring the right of use asset as equal to the lease liability, with the cumulative effect of adopting AASB 16 recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative

New accounting standards and interpretations continued

information. This resulted in the Group recognising its property leases on balance sheet, finance costs in relation to the lease and depreciation of the right-of-use asset. These property leases were previously recognised as a lease expense in the Consolidated Statement of Comprehensive Income.

The Group will recognise a depreciation expense and interest expense from the date the underlying asset is available for use.

Transition impact
At transition, the Group recognised a right-of-use asset representing its right to use the underlying asset and lease liabilities for all leases with a term of more than 12 months, excluding low-value leases. The group elected to apply the following available transition practical expedients:

- Applied a single discount rate to a portfolio of leases with similar characteristics. The portfolio of leases is grouped based on similar remaining lease terms, similar class of underlying asset and similar economic environment.
- Applied the short-term lease exemption to leases with a lease term that ends within 12 months at the date of initial recognition
- Applied the exemption for leases of low-value assets.

As a result, as at 1 July 2019, the following were the impacts of the transition:

	1 July 2019 $'000
Assets: Right-of-use assets	**8,135**
Liabilities: Trade and other payables	**1,243**
Liabilities: Lease liabilities	**(9,378)**

The table below reconciles the operating lease commitments as at 30 June 2019 to the lease liabilities as at 1 July 2019. There was no impact on opening retained earnings.

	$'000
Operating lease commitments as at 30 June 2019	**9,346**
Weighted average incremental borrowing rate as at 1 July 2019	**4.925%**
Discounted operating lease commitments at 1 July 2019	**5,240**
Add	
Payments in optional extension periods not recognised as at 30 June 2019	**4,138**
Lease liabilities as at 1 July 2019	**9,378**

There is no material impact on other comprehensive income and the basic and diluted EPS.

Orbost Gas Processing Plant
Under AASB 16, the Group will recognise a right-of-use asset and corresponding lease liability in relation to the Orbost Gas Processing Plant (OGPP). The Sole Gas Processing Agreement creates a right-of-use asset and will be recognised at an amount equal to the corresponding lease liability. The Group will recognise a right-of-use asset and lease liability under AASB 16 for the Orbost Gas Processing Plant at the date the underlying asset is available for use. The Group currently expects the agreement, which was signed prior to 1 July 2019, to result in a right-of-use asset and lease liability of approximately $280 million to $310 million based on current information, with recognition to occur in the second half of the 2021 financial year once the asset is available for use. The final value that will be recorded for the right-of-use asset and lease liability is dependent on a number of factors that will be known at the time the asset is available for use. These amounts may change depending on production volumes per annum, the timing of commencement of the lease, annual indexation to be applied and other factors. This does not contemplate any payments associated with processing gas through the OGPP under the transition agreement entered into with APA on 20 August 2020

AASB 16 requires that the lessee's rate implicit in the lease arrangement be used to measure the present value of the lease liability, unless that cannot be determined, in which case the incremental borrowing rate should be used. In determining the discount rate applicable to the Orbost Gas Processing Plant lease liability, the Group will use the rate implicit in the lease.

The contract includes non-lease payments for services which do not form part of the lease liability and will be recognised as production costs as incurred. The lease charge is calculated based on the lease component payment required under the agreements.

AASB Interpretation 23 - *Uncertainty Over Income Tax Treatments*
The Group has applied AASB Interpretation 23 from 1 July 2019. The recognition, measurement and disclosure requirements of the standard have been applied to any uncertain tax treatments. The Group has determined it is probable that the current estimated treatment will be accepted by the Australian Taxation Office and the tax provision calculation is in line with tax filings.

Notes to the financial statements

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

The notes are organised into the following sections:

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

Group Performance

1. Segment reporting

Identification of reportable segments and types of activities

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

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

The following are reportable segments:

Cooper Basin
Exploration and evaluation of oil and gas and production and sale of crude oil in the Group's permits within the Cooper Basin. Revenue is derived from the sale of crude oil to IOR Energy Pty Ltd and a consortium of buyers made up of Santos Limited (and its subsidiaries), Delhi Petroleum Pty Ltd and Lattice Energy Limited.

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

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

Accounting policies and inter-segment transactions
The accounting policies used by the Group in reporting segments internally is the same as those contained in the financial statements.

	Cooper Basin $'000	South-East Australia $'000	Corporate and Other $'000	Consolidated $'000
30 June 2020				
Revenue from oil and gas sales to external customers	**14,558**	**63,581**	**-**	**78,139**
Total revenue	**14,558**	**63,581**	**-**	**78,139**
Segment result before interest, tax, depreciation, amortisation and impairment	**6,486**	**42,937**	**(17,094)**	**32,329**
Depreciation and amortisation	**(3,573)**	**(23,234)**	**(2,123)**	**(28,930)**
Impairment	**(7,836)**	**(99,662)**	**-**	**(107,498)**
Net finance (costs)/income	**(95)**	**(3,943)**	**(1,821)**	**(5,859)**
Profit/(loss) before tax	**(5,018)**	**(83,902)**	**(21,038)**	**(109,958)**
Income tax benefit	**-**	**-**	**-**	**25,575**
Petroleum Resource Rent Tax expense	**-**	**(1,646)**	**-**	**(1,646)**
Net profit/(loss) after tax	**(5,018)**	**(85,548)**	**(21,038)**	**(86,029)**
Segment assets	**14,969**	**802,263**	**212,683**	**1,029,915**
Segment liabilities	**8,731**	**421,656**	**248,446**	**678,833**
Additions of non-current assets				
Exploration and evaluation assets	6,802	85,651	-	**92,453**
Oil and gas assets	5,579	48,610	-	**54,189**
Property, plant and equipment	-	11,593	1,481	**13,074**
Intangibles	-	-	2,017	**2,017**
Right-of-use assets	-	-	2,723	**2,723**
Total additions of non-current assets	**12,381**	**145,809**	**6,266**	**164,456**

1. Segment reporting continued

	Cooper Basin $'000	South-East Australia $'000	Corporate and Other $'000	Consolidated (restated) $'000
30 June 2019				
Revenue from oil and gas sales to external customers	23,283	52,260	-	75,543
Total revenue	23,283	52,260	-	75,543
Segment result before interest, tax, depreciation, amortisation and impairment	14,168	7,126	(13,778)	7,516
Depreciation and amortisation	(1,628)	(16,713)	(828)	(19,169)
Net finance (costs)/income	(101)	(4,871)	3,398	(1,574)
Profit/(loss) before tax	12,439	(14,458)	(11,208)	(13,227)
Income tax benefit	-	-	-	10,040
Petroleum Resource Rent Tax expense	-	(8,864)	-	(8,864)
Net profit/(loss) after tax	12,439	(23,322)	(11,208)	(12,051)
Segment assets	19,059	765,765	216,985	1,001,809
Segment liabilities	6,719	342,798	218,579	568,096
Additions of non-current assets				
Exploration and evaluation assets	2,015	52,881	-	**54,896**
Oil and gas assets	1,831	234,914	-	**236,745**
Property, plant and equipment	-	184	2,579	**2,763**
Intangibles	-	-	36	36
Total additions of non-current assets	**3,846**	**287,979**	**2,615**	**294,440**

In 2020, revenue from two customers amounted to $31.9 million, and $27.3 million respectively in the South-East Australia segment and $17.9 million from one customer in the Cooper Basin segment. In 2019, revenue from two customers amounted to $42.2 million, and $5.4 million respectively in the South-East Australia segment and $22.7 million from one customer in the Cooper Basin segment.

2. Revenues and expenses

	Notes	2020 $'000	2019 $'000
Revenue from oil and gas sales			
Revenue from contracts with customers			
Oil revenue from contracts with customers		**15,563**	23,744
Gas revenue from contracts with customers		**63,581**	52,260
Total revenue from contracts with customers		**79,144**	76,004
Other revenue			
Fair value movement on crude oil receivables		**(1,005)**	(445)
Fair value movement on commodity price options		**-**	(16)
Total other revenue		**(1,005)**	(461)
Total revenue from oil and gas sales		**78,139**	75,543
Other income			
Liquidated damages[1]		**19,800**	-
Other		**28**	-
Gain on exit provision		**-**	774
Gain on movement of consideration receivable		**-**	22
Total other income		**19,828**	796
Cost of sales			
Production expenses[2]		**(26,511)**	(23,327)
Royalties		**(1,203)**	(1,902)
Amortisation of oil and gas assets		**(26,452)**	(18,179)
Depreciation of property, plant and equipment		**(354)**	(162)
Total cost of sales		**(54,520)**	(43,570)
Other expenses			
Selling expense[2]		**(693)**	(762)
General administration[2]		**(15,123)**	(11,933)
Depreciation of property, plant and equipment		**(828)**	(828)
Amortisation of intangibles		**(176)**	-
Depreciation of right-of-use assets		**(1,120)**	-
Care and maintenance		**(3,597)**	(590)
Restoration expense		**(14,056)**	(26,205)
Exploration and evaluation expense		**(3,100)**	(1,360)
Impairment expense	14	**(107,498)**	-
Fair value adjustment of success fee liability		**(123)**	(358)
Fair value movement on oil price derivatives		**-**	236
Realised and unrealised foreign currency translation (loss)/gain		**119**	1,623
Other (including new ventures) [2]		**(1,351)**	(4,245)
Total other expenses		**(147,546)**	(44,422)
Employee benefits expense included in general administration			
Director and employee benefits		**(20,412)**	(17,002)
Share based payments		**(3,504)**	(3,422)
Superannuation expense		**(1,264)**	(853)
Total employee benefits expense (gross)		**(25,180)**	(21,277)
Lease payments included in general administration			
Minimum lease payment – operating lease (gross)		**-**	(951)

[1] Liquidated damages received from APA in relation to the Sole delay.
[2] Comparatives have been restated for reclassification between expense categories

2. Revenues and expenses continued

Accounting Policy

Revenue from contracts with customers

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

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

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

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

3. Income tax

	2020 $'000	2019 $'000
Consolidated Statement of Comprehensive Income		
Current income tax		
Current year	**(504)**	-
	(504)	-
Deferred income tax		
Origination and reversal of temporary differences	**26,070**	7,522
Over provision in respect of prior year income tax	**9**	2,518
	26,079	10,040
Income tax benefit	**25,575**	10,040
Current Petroleum Resource Rent Tax		
Current year	**(5,686)**	(3,760)
Adjustments in respect of prior year income tax	**3,299**	(492)
	(2,387)	(4,252)
Deferred Petroleum Resource Rent Tax		
Origination and reversal of temporary differences	**741**	(4,612)
	741	(4,612)
Petroleum Resource Rent Tax expense	**(1,646)**	(8,864)
Total tax benefit/(expense)	**23,929**	1,176
Reconciliation between tax expense and pre-tax net profit		
Accounting (loss)/profit before tax from continuing operations	**(109,958)**	(13,227)
Income tax using the domestic corporation tax rate of 30% (2019: 30%)	**32,987**	3,968
(Increase)/decrease in income tax expense due to:		
Deductible expenditure	**-**	161
Non-assessable income	**-**	232
Non-deductible expenditure	**(187)**	(1,469)
Adjustments in respect to current income tax of previous years	**9**	2,518
Recognition of royalty related income tax benefits	**197**	1,383
Permanent difference arising from impairment expense	**(8,112)**	-
Other	**681**	3,247
Income tax benefit	**25,575**	10,040
Petroleum Resource Rent Tax expense	**(1,646)**	(8,864)
Total tax benefit/(expense)	**23,929**	1,176
Income tax recognised in other comprehensive income		
Fair value movement on derivative financial instruments	**-**	383
Income tax using the domestic corporation tax rate of 30% (2019: 30%)	**-**	383

Tax Consolidation

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

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

3. Income tax continued

Unrecognised temporary differences

At 30 June 2020, there are no unrecognised temporary differences associated with the Group's investments in subsidiaries, as the Group has no liability for additional taxation should unremitted earnings be remitted (2019: $nil).

Franking Tax Credits

At 30 June 2020 the parent entity had franking tax credits of $42.9 million (2019: $42.9 million). The fully franked dividend equivalent is $142.9 million (2019: $142.9 million).

Petroleum Resource Rent Tax (PRRT)

Cooper Energy Limited has recognised a Deferred Tax Liability for Petroleum Resource Rent Tax (PRRT) of $16.9 million (2019: $16.3 million) relating to PRRT on the Group's producing gas assets. The Group has not recognised a Deferred Tax Asset for PRRT of $29.0 million (2019: $19.1 million). In the current year, this is in respect of the Sole Gas Project, and the Deferred Tax Asset for Sole will be recognised when it is probable that the undeducted expenditure will be able to be utilised. From 1 July 2019, there was a change in the PRRT legislation so that onshore petroleum projects will no longer be subject to PRRT. The Group has significant levels of undeducted expenditure in respect of the Cooper Basin oil producing assets that will not be utilised.

Income Tax Losses

(a) Revenue Losses
A Deferred Tax Asset has been recognised for the year ended 30 June 2020 of $35.0 million (2019: $23.6 million).

(b) Capital Losses
Cooper Energy has not recognised a Deferred Tax Asset for Australian income tax capital losses of $15.5 million (2019: $15.5 million) on the basis that it is not probable that the carried forward capital losses will be utilised against future assessable capital profits. Capital losses have been utilised in the prior year to offset the capital gain generated from the sale of the Orbost Gas Processing Plant and the receipt of funds from exited joint venture parties for the BMG abandonment.

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Deferred income tax from corporate tax				
Deferred income tax at 30 June relates to:				
Deferred tax liabilities				
Trade and other receivables	**(62)**	2,240	**2,302**	1,343
Oil and gas assets	**33,974**	20,325	**(13,649)**	(4,172)
Exploration and evaluation	**17,118**	8,293	**(8,825)**	(4,211)
Property, plant and equipment	**40**	40	**-**	(40)
Other	**83**	103	**20**	(62)
Unrealised currency translation gain		-		-
	51,153	31,001	**(20,152)**	(7,142)
Deferred tax assets				
Leases	**993**	-	**993**	-
Provision for employee entitlements	**1,422**	2,082	**(660)**	259
Provisions	**53,392**	18,410	**34,982**	13,808
Other	**5,903**	5,377	**525**	2,064
Capital raising costs	**1,213**	2,261	**(1,048)**	(965)
Tax losses	**35,066**	23,628	**11,438**	2,016
	97,988	51,758	**46,230**	17,182
Deferred tax benefit			**26,078**	10,040
Deferred tax asset from corporate tax	**46,836**	20,757		
Deferred income tax from PRRT				
Deferred income tax at 30 June relates to:				
Deferred tax liabilities				
Oil and gas assets	**16,948**	16,293	**25**	(4,612)
Deferred tax (expense)			**25**	(4,612)
Deferred tax liability from PRRT	**16,948**	16,293		

3. Income tax continued

Accounting Policy

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and tax laws that are enacted or substantively enacted by the reporting date.

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

- the initial recognition of an asset or liability that affects neither the accounting profit nor taxable profit or loss; or
- the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right 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. Where allowable by initial recognition exemptions, deferred tax assets and deferred tax liabilities that arise on acquisition are not recognised.

Petroleum Resource Rent Tax (PRRT)

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

Goods and Services Taxes (GST)

Revenues, expenses and assets are recognised net of the amount of GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the Cash Flow Statement on a net basis and the net GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Significant Accounting Judgements, Estimates and Assumptions

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

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

Judgement is also made in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses, and temporary differences arising from the Petroleum Resource Rent Tax legislation, are recognised only where it is considered more likely than not they will be recovered, which is dependent on the generation of sufficient future taxable profits. Future taxable profits are estimated by using Board approved internal budgets and forecasts.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility changes in circumstances will alter expectation, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidated Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised.

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

4. Earnings per share

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

	2020 $'000	2019 $'000
Net (loss)/profit after tax attributable to shareholders	**(86,029)**	(12,051)

	2020 Thousands	2019 Thousands
Weighted average number of ordinary shares used in calculating basic earnings per share	**1,624,260**	1,611,905
Dilutive performance rights and share appreciation rights[1]	**-**	-
Weighted average number of ordinary shares used in calculating dilutive earnings per share	**1,624,260**	1,611,905
Basic loss per share for the period (cents per share)	**(5.3)**	(0.7)
Diluted loss per share for the period (cents per share)	**(5.3)**	(0.7)

[1] The weighted average number of potentially dilutive shares at 30 June 2020 is 12.4 million (2019: 24.6 million)

At 30 June 2020 there exist performance rights and share appreciation rights that if vested, would result in the issue of additional ordinary shares over the next three years. In the current period, these potential ordinary shares are considered antidilutive as their conversion to ordinary shares would reduce the loss per share. Accordingly, they have been excluded from the dilutive earnings per share calculation. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Accounting Policy

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

Working Capital

5. Cash and cash equivalents and term deposits

	2020 $'000	2019 $'000
Current Assets		
Cash at bank and in hand	**111,567**	136,539
Term deposits at bank	**20,016**	27,750
Cash and cash equivalents	**131,583**	164,289

Reconciliation of net profit to net cash flows from operating activities

	2020 $'000	2019 $'000
Net (loss)/profit after tax	**(87,204)**	(12,051)
Add/(deduct) non-cash items:		
Amortisation of oil and gas assets	**26,452**	18,179
Depreciation of property, plant and equipment	**1,182**	990
Amortisation of intangibles	**176**	-
Depreciation of right-of-use assets	**1,120**	-
Impairment expense	**107,498**	-
Exploration and Evaluation expense	**3,100**	1,360
Restoration expense	**14,056**	26,205
Share based payments	**3,504**	3,422
Finance costs	**4,038**	4,972
Foreign exchange (gain)/loss	**(293)**	(778)
Other non-cash movements	**1,804**	(656)
Net cash from operating activities before changes in assets or liabilities	**75,433**	41,643
Add/(deduct) changes in operating assets or liabilities:		
Decrease in trade and other receivables	**1,173**	4,694
(Increase)/decrease in inventories	**(396)**	41
Increase in prepayments	**(3,760)**	(560)
Decrease in deferred taxes	**(25,424)**	(4,486)
Increase/(decrease) in trade and other payables	**2,750**	(7,169)
Decrease in provisions	**(1,714)**	(13,659)
Net cash from operating activities	**48,062**	20,504

Reconciliation of liabilities arising from financing activities

	Borrowings		**Lease Liabilities**	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Balance at beginning of period	**213,680**	116,923	-	-
Financing cash flows[1]	**11,284**	92,290	**(698)**	-
Non-cash financing movements[2]	**4,474**	4,467	**13,747**	-
Balance at end of period	**229,438**	213,680	**13,049**	-

[1] Financing cash flows consist of the net amount of proceeds from borrowings and repayment of lease liabilities in the statement of cash flows

[2] The movement in borrowings is amortisation of prepaid financing costs, and movement in lease liabilities represents the lease liability recognised on adoption of AASB 16 *Leases*.

Accounting Policy

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

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

6. Trade and other receivables

	2020 $'000	2019 $'000
Current Assets		
Trade receivables	**17,783**	9,474
Accrued revenue	**2,176**	11,349
Interest receivable	**37**	346
	19,996	21,169

Expected credit losses in respect of trade and other receivables is set out in Note 21.

Accounting Policy

Trade receivables are non-interest bearing and generally have 30 to 90 day terms. Trade receivables are initially recognised at the transaction price as defined by AASB 15 *Revenue from Contracts with Customers* and subsequently carried at amortised cost less any allowances for expected credit loss. An allowance for expected credit loss is recognised using the simplified approach which permits the use of the lifetime expected loss provision for all trade receivables. Bad debts are written off when identified.

7. Prepayments

	2020 $'000	2019 $'000
Insurance	**1,530**	884
Prepaid cash calls to joint arrangements	**4,384**	25
Other prepayments	**192**	2,437
	6,106	3,346

8. Inventory

	2020 $'000	2019 $'000
Spares and parts	**822**	426

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

Accounting Policy

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

9. Trade and other payables

	2020 $'000	2019 $'000
Trade payables	**14,844**	5,046
Accruals (capital and operating expenditure)	**6,339**	36,598
Deferred lease incentive	**-**	2,889
	21,183	44,533

Accounting Policy

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

Capital Employed

10. Property, plant and equipment

	Production assets		Corporate assets		Total	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
Reconciliation of carrying amounts at beginning and end of period:						
Carrying amount at beginning of period	**543**	521	**4,037**	2,343	**4,580**	2,864
Assets acquired	**8,674**	-	**-**	-	**8,674**	-
Additions	**2,813**	184	**1,481**	2,579	**4,294**	2,763
Disposals/written off	**-**	-	**-**	(57)	**-**	(57)
Depreciation	**(354)**	(162)	**(828)**	(828)	**(1,182)**	(990)
Carrying amount at end of period	**11,676**	543	**4,690**	4,037	**16,366**	4,580
Cost	**15,567**	4,080	**7,556**	6,075	**23,123**	10,155
Accumulated depreciation	**(3,891)**	(3,537)	**(2,866)**	(2,038)	**(6,757)**	(5,575)
Carrying amount at end of period	**11,676**	543	**4,690**	4,037	**16,366**	4,580

Accounting Policy

Property, plant and equipment comprises office and IT equipment, leasehold improvements and the Athena Gas Plant, and is stated at historical cost less accumulated depreciation and any accumulated impairment losses (refer to Note 14 for impairment policy). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are recognised in the Consolidated Statement of Comprehensive Income as incurred.

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

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

11. Intangible assets

	2020 $'000	2019 $'000
Reconciliation of carrying amounts at beginning and end of period:		
Carrying amount at beginning of period	**36**	-
Additions	**2,018**	36
Amortisation	**(176)**	-
Carrying amount at end of period	**1,878**	36
Cost	**2,054**	36
Accumulated depreciation	**(176)**	-
Carrying amount at end of period	**1,878**	36

Accounting Policy

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

Amortisation on intangibles is calculated at 20% per annum using the straight line method. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

12. Exploration and evaluation assets

	Notes	2020 $'000	2019 $'000
Reconciliation of carrying amounts at beginning and end of period			
Carrying amount at beginning of period		**152,268**	98,732
Additions		**92,453**	54,896
Exploration and evaluation expense		**(3,100)**	(1,360)
Impairment	14	**(79,398)**	-
Transfer to oil and gas assets		**(3,145)**	-
Carrying amount at end of period[1]		**159,078**	152,268

[1]Recoverability is dependent on the successful development and commercial exploration or sale of the respective areas of interest.

Accounting Policy

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

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

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

Exploration and evaluation expenditure which does not satisfy these criteria is written off. Specifically, costs carried forward in respect of an area of interest that is abandoned or costs relating directly to the drilling of an unsuccessful well are written off in the year in which the decision to abandon is made or the results of drilling are concluded. The success or otherwise of a well is determined by reference to the drilling objectives for that well. For successful wells, the well costs remain capitalised on the Consolidated Statement of Financial Position as long as sufficient progress in assessing the reserves and the economic and operating viability of the project is being made. Any appraisal costs relating to determining commercial feasibility are also capitalised as exploration and evaluation assets. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where facts and circumstances suggest that the carrying amount exceeds the recoverable amount, or where one of the specific factors set out in i-iii above are no longer met, the Group will test for impairment in accordance with the impairment policy stated in Note 14.

Where an ownership interest in an exploration and evaluation asset is exchanged for another, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets. Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously capitalised with any excess accounted for as a gain on disposal of non-current assets. Where a discovered oil or gas field enters the development phase the accumulated exploration and evaluation expenditure is tested for impairment and then transferred to oil and gas assets.

13. Oil and gas assets

	Notes	2020 $'000	2019 $'000
Reconciliation of carrying amounts at beginning and end of period:			
Carrying amount at beginning of period		**613,198**	394,632
Additions		**54,189**	236,745
Transferred from exploration and evaluation		**3,145**	-
Amortisation		**(26,452)**	(18,179)
Impairment	14	**(28,100)**	-
Carrying amount at end of period		**615,980**	613,198
Cost		**769,575**	712,241
Accumulated amortisation & impairment		**(153,595)**	(99,043)
Carrying amount at end of period		**615,980**	613,198

Accounting Policy

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

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

Oil and gas assets are amortised on the Units of Production basis using the latest approved estimate of Proved and Probable (2P) Reserves and future development cost estimates. Amortisation is charged only once production has commenced. No amortisation is charged on areas under development where production has not commenced. Oil and gas assets are subject to impairment testing, refer to Note 14.

Significant Accounting Judgements, Estimates and Assumptions

Estimation of oil and gas asset expenditure

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

Amortisation of oil and gas assets

The amortisation of oil and gas assets are impacted by management's estimates of reserves and future development costs. Refer to the significant accounting judgements, estimates and assumptions section on page 46 in relation to reserves. Future development cost estimates are costs necessary to develop an assets' undeveloped 2P reserves. These costs are subject to changes in technology, regulation and other external factors.

Significant accounting judgements, estimates and assumptions are also made in relation to the impairment of oil and gas assets and recognition of restoration assets, refer to Note 14 and Note 15 respectively.

14. Impairment

	2020 $'000	2019 $'000
Exploration and evaluation assets	79,398	-
Oil and gas assets	28,100	-
	107,498	-

Recoverable amounts and resulting impairment write-downs recognised in the year ended 30 June 2020:

	Segment	Recoverable amount method	Impairment Write-downs $'000	Recoverable amount $'000
Exploration and evaluation assets				
VIC/RL 13-15	South-East Australia	FVLCD	41,700	98,600
VIC/P44	South-East Australia	FVLCD	29,100	28,000
PEL 92 Exploration	Cooper Basin	FVLCD	7,836	nil
Onshore Otway	South-East Australia	FVLCD	762	20,982
Total impairment of exploration and evaluation assets			79,398	
Oil and gas assets				
Casino Henry	South-East Australia	FVLCD	28,100	94,500
Total impairment of oil and gas assets			28,100	
Total impairment of exploration and evaluation and oil and gas assets			**107,498**	

Exploration and evaluation impairment

VIC/RL 13-15

The FVLCD of VIC/RL 13-15 was determined based on expectations of the estimated future cash flows required to develop the Manta 2C resource and those estimated cash flows arising from use of the asset. A pre-tax discount rate of 10.6% has been applied, reflective of the risks specific to an asset in the exploration and evaluation phase. In addition, a portion of value is ascribed to the Manta deep prospective resource based on multiples and risking of discounted cash flows. Other relevant assumptions are outlined in the Significant Accounting Judgements, Estimates and Assumptions section that follows. The carrying value of VIC/RL 13-15 increased during the year due to increases in the associated BMG abandonment provision as outlined in Note 15. This increase along with decreases in long-term gas price assumptions have given rise to an impairment.

Changes in key assumptions to which the recoverable amount is most sensitive would result in higher or lower carrying values as follows:

Resultant impact on carrying value	Higher $'000	Lower $'000
Long-term gas price: increase/(decrease) of $1/GJ	35,300	(35,700)
Discount rate: decrease/(increase) of 1%	25,400	(22,100)
Discount rate: decrease/(increase) in risking of Manta Deep of 5%	23,600	(23,600)
Capital expenditure: decrease/(increase) of 10%	22,600	(22,900)
12-month delay to Manta gas project	n/a	(9,000)

VIC/P44

The FVLCD of VIC/P44 was determined based on expectations of the estimated future cash flows required to develop the Annie 2C resource combined with undeveloped reserves in Casino Henry and from utilising the asset. A pre-tax discount rate of 10.8% has been applied, reflective of the risks specific to an asset in the exploration and evaluation phase. Other relevant assumptions are those outlined in the Significant Accounting Judgements, Estimates and Assumptions section that follows. The carrying value of VIC/P44 increased during the year due to recognition of the Annie gas discovery in accordance with the successful efforts method. Prior to this, the carrying value was comprised mainly of acquisition costs related to prospective resources in the permit from the acquisition of Santos' Victorian portfolio of assets. Decreases in long-term gas price assumptions and preliminary estimates of costs to develop have given rise to an impairment.

Changes in key assumptions to which the recoverable amount is most sensitive would result in higher or lower carrying values as follows:

Resultant impact on carrying value	Higher $'000	Lower $'000
12-month delay to OP3D project	n/a	(11,100)
Long-term gas price: increase/(decrease) of $1/GJ	10,600	(10,600)
Discount rate: decrease/(increase) of 1%	4,100	(3,700)
Capital expenditure: decrease/(increase) of 10%	5,300	(5,100)

14. Impairment continued

PEL 92 Exploration
The carrying value of PEL 92 exploration was comprised of carry forward exploration costs in non-producing areas of the PEL 92 area of interest. The asset has been impaired to nil in line with the absence of budgeted or planned exploration activities in the exploration area of interest.

Onshore Otway
The impairment of exploration assets relates to a specific Onshore Otway area of interest that has been reduced to nil.

Oil and gas asset impairment
Casino Henry
The FVLCD of Casino Henry was determined based on expectations of the estimated future cash flows required to develop undeveloped 2P reserves in the Henry field combined with the Annie 2C resource and from utilising the asset. A pre-tax discount rate of 8.6% has been applied, reflective of the time value of money and risks specific to the asset. Other relevant assumptions are those outlined in the Significant Accounting Judgements, Estimates and Assumptions section that follows.

The impairment of Casino Henry has arisen due to a combination of factors:

- price assumptions for uncontracted gas have been revised to reflect the lower, post-COVID-19 prices currently prevailing and anticipated for 2021, increasing thereafter
- largely uncontracted gas production from 1 January 2021 onwards
- an increase in oil and gas assets associated with upward revisions in abandonment provisions as outlined in Note 15
- an increase in the estimate of costs to develop undeveloped reserves based on pre-select phase cost estimates obtained during the year in respect of the Otway Phase 3 Development (OP3D) project
- other cost increases

Changes in key assumptions to which the recoverable amount is most sensitive would result in higher or lower carrying values as follows:

Resultant impact on carrying value	Higher $'000	Lower $'000
Long-term gas price: increase/(decrease) of $1/GJ	16,200	(16,300)
Discount rate: decrease/(increase) of 1%	8,900	(8,100)
Capital expenditure: decrease/(increase) of 10%	5,600	(5,700)
12-month delay to OP3D project	n/a	1,400

Sole
The Sole asset was tested for impairment as indicators of impairment existed, notably the delay experienced by APA Group (APA) in commissioning the Orbost Gas Processing Plant (OGPP). The delay is the result of foaming in absorber vessels of the Sulphur Recovery Unit of the OGPP, which has impaired gas processing capacity, preventing the plant from producing at nameplate capacity of 68 TJ/d. Additionally, on 20 August 2020, Cooper Energy and APA announced that they had entered into a Transition Agreement (TA) as referenced in Note 30.

The recoverable amount for Sole was assessed on a VIU basis which exceeded the Cash Generating Unit (CGU)'s carrying value of $532.2 million and therefore no impairment has been recognised. VIU for Sole was determined based on the estimated cash flows arising from use of the asset on a 2P reserve basis and incorporating terms in the TA. These terms include the completion of Phase 2 Works at the OGPP in the December 2020 quarter in order for the plant to reach nameplate processing capacity levels of 68 TJ/d shortly after, and cost and revenue sharing between APA and Cooper Energy whilst under the terms of the TA.

Until completion of the Phase 2 works, a processing rate of 40-45 TJ/d has been assumed, being the demonstrated capability of the OGPP to maintain stable supply. Sales gas processed during this time is assumed to be sold at spot gas prices less transport costs, with term Gas Sales Agreements (GSAs) assumed to commence in January 2021. The cost of the Phase 2 works has not been finalised, with current estimates being $15 million (Cooper Energy share $7.5 million).

Whilst the Sole asset has not been impaired, its value remains sensitive to variables including, but not limited to:

- the timing of and costs required to achieve nameplate processing capacity of 68 TJ/d
- processing capacity levels attained both pre and post Phase 2 Works
- spot prices realised for gas sold prior to term GSAs commencing

Adverse outcomes in one or more of the variables may give rise to an impairment of the asset in future periods.

14. Impairment continued

Accounting Policy

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

An impairment loss is recognised for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount. The recoverable amount of a non-current asset or CGU is the higher of value in use (VIU) and fair value less costs of disposal (FVLCD). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects the risks specific to the asset. Where the recoverable amount is based on the FVLCD, a discounted cash flow model is also used and the inputs are consistent with level 3 on the fair value hierarchy. 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 that would be taken into account by an independent market participant.

Significant Accounting Judgements, Estimates and Assumptions

Impairment of exploration and evaluation assets

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

Management is required to make certain estimates and assumptions in applying this policy. Factors which could impact the future recoverability include the level of oil and gas resources, future technological changes which could impact the cost of extraction, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. These estimates and assumptions may change as new information becomes available. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

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

Impairment of exploration and evaluation assets and oil and gas assets

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

The estimated expected cash flows used in the discounted cash flow model are based on management's best estimate of the future production of reserves and sales volumes, commodity prices, foreign exchange rates, development expenditure in order to access the reserves, and operating expenditure.

The Group's commodity prices and foreign exchange rates for impairment testing are based on management's best estimates of future market prices, with reference to external brokers, market data and futures prices. The Group's gas price assumptions are based on contract prices applied against contracted gas volumes. The Group's view of future uncontracted, long-term gas prices has been revised to reflect the lower, post-COVID-19 prices currently prevailing and is based on market data available such as the ACCC Gas Inquiry, South-East Australia gas market supply and demand information, oil prices and foreign exchange rates. The Group's future pricing assumptions in real terms are set out below:

Reporting Period	Key assumption	FY2021	FY2022	FY2023	FY2024+
30 June 2020	Brent crude oil (US$/bbl)	35.00 – 50.00	50.00 – 60.00	60.00	60.00
	Uncontracted gas ($/GJ)	6.00 - 8.00		8.00 – 11.00	
30 June 2019	Brent crude oil (US$/bbl)	67.50	67.50	67.50	67.50
	Uncontracted gas ($/GJ)	9.00 – 12.00			

The Group assumes foreign currency exchange rates of A$1/US$0.65 for FY21 and A$1/US$0.68 for subsequent periods.

Discount rates applied in the net present value calculation of the VIU are derived from the weighted average cost of capital. The Group applied a range of pre-tax real discount rates between 8.6% and 10.8% (2019: 9.03%).

In the event circumstances vary from the assumptions used in the impairment assessment, the recoverable amount of the Group's assets or CGUs could change materially and result in further impairment losses. The key variables that impact on asset values are often interrelated and therefore, changes in individual variables rarely occur in isolation of other changes. Furthermore, management is able to respond to certain changes in variables and mitigate losses or maximise value depending on the prevailing conditions that exist at the time. Accordingly, while sensitivities have been provided for specific changes in key assumptions, the indirect impact that a change in one variable has on another is impractical to estimate, as is the potential for, and size of any further impairment write-downs or reversals in future reporting periods.

15. Provisions

	2020 $'000	2019 $'000
Current Liabilities		
Restoration provisions	**17,899**	9,989
Employee provisions	**2,003**	1,142
	19,902	11,131
Non-Current Liabilities		
Employee provisions	**367**	561
Restoration provisions	**374,304**	276,228
	374,671	276,789

	2020 $'000	2019 $'000
Movement in carrying amount of the current restoration provision:		
Carrying amount at beginning of period	**9,989**	67,651
Restoration expenditure incurred	**(2,380)**	(10,112)
New provisions and changes in restoration assumptions (i)	**-**	1,185
Transferred (to)/from non-current provisions	**10,290**	(48,735)
Carrying amount at end of period	**17,899**	9,989
Movement in carrying amount of the non-current restoration provision:		
Carrying amount at beginning of period	**276,228**	106,070
New provisions and changes in restoration assumptions (i)	**88,473**	98,432
Provision through asset acquisition	**4,957**	-
Transferred from/(to) current provisions	**(10,290)**	48,735
Increase through accretion	**4,001**	4,902
Change in discount rate	**10,935**	18,089
Carrying amount at end of period	**374,304**	276,228

(i) New provisions recognised is in respect of restoration provisions arising from exploration permits (2019: Sole Horizontal Directional Drilling (HDD) and pipeline and exploration permits). Changes to restoration assumptions primarily represent changes to gross cost estimates for restoration work. In the current year, work on the BMG restoration project has progressed, resulting in the Group applying current regulatory requirements, decommissioning cost data acquired during the period, and taking account of the US dollar exchange rate across the portfolio. These updated estimates were taken into consideration when the Group reviewed the gross cost estimates for the other wells in the portfolio. In the current year, the timing of restoration has also changed for a number of non-operated assets.

The abandonment and remediation work on BMG is expected to be completed in the 2023 calendar year subject to rig availability and regulatory approvals. The abandonment and remediation work on offshore wells and pipelines is estimated to be performed between 2025 to 2045.

The discount rate used in the calculation of the provisions as at 30 June 2020 ranged from 0.24% to 1.72% (2019: 0.96% to 1.82%) reflecting a risk-free rate that aligns to the timing of restoration obligations. The reduction in the risk-free rate reflects the change in Australian government bond rates since the last assessment.

15. Provisions continued

Accounting Policy

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

Employee benefits

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

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

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

Restoration

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

A restoration provision is recognised upon commencement of construction and then reviewed biannually at each reporting date. When the liability is recorded the carrying amount of the production or exploration asset is increased by the same amount and is depreciated over the remaining producing life of the asset. The movement is recorded as a restoration expense when there is no asset recorded. Over time, the liability is increased for the change in the present value based on a risk-free discount rate. The unwinding of the discount is recorded as an accretion charge within finance costs.

Any changes in the estimate of the provision for restoration arising from changes in the gross cost estimate or changes in the discount rate of the restoration provision are recorded by adjusting the provision and the carrying amount of the production or exploration asset, to the extent that it is appropriate to recognise an asset under accounting standards, and then depreciated over the remaining producing life of the asset. Where it is not appropriate to recognise an asset, changes will go through profit or loss. Any change in assumptions is applied prospectively.

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

Significant Accounting Judgements, Estimates and Assumptions

Provisions for restoration costs

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

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

16. Leases

The Group has adopted AASB 16 *Leases* from 1 July 2019. Refer to the New accounting standards and interpretations section for related transition disclosures.

The Group as a lessee
The Group has lease contracts for properties with lease terms of between 1-11 years and fixed monthly payments. The Group also has certain leases with lease terms of 12 months or less and low value leases.

Right-of-use assets

	2020 $'000
Reconciliation of carrying amounts at beginning and end of period:	
Carrying amount at beginning of period	**-**
Transition – Right-of-use assets recognised 1 July 2019	**8,135**
Additions	**2,723**
Depreciation	**(1,120)**
Carrying amount at end of period	**9,738**
Cost	**10,858**
Accumulated depreciation	**(1,120)**
Carrying amount at end of period	**9,738**

Lease liabilities

	2020 $'000
Reconciliation of carrying amounts at beginning and end of period:	
Carrying amount at beginning of period	**-**
Transition - Lease liabilities recognised 1 July 2019	**9,378**
Additions	**4,624**
Accretion of interest	**634**
Payments	**(1,587)**
Carrying amount at end of period	**13,049**
Current	**1,045**
Non-Current	**12,004**

Short-term and low-value lease asset exemptions
For the year ending 30 June 2020, the following expense has been recognised in the Statement of Comprehensive Income for lease arrangements that have been classified as short-term leases or low-value assets

	2020 $'000
Short-term leases	-
Leases for low-value assets	**18**
Total expense recognised	**18**

The Group had total cash outflows for leases of $1.6 million in 2020, including leases for short-term leases and low-value assets. The future cash outflows relating to leases that have not yet commenced is disclosed in Note 26.

16. Leases continued

Accounting Policy

The Group recognises right-of-use assets and corresponding lease liabilities at the commencement date of the lease (the date the underlying asset is available for use). The right-of-use assets are initially measured at a value equal to the lease liability, adjusted for any initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Subsequently, the right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The property right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are also allocated to Cash Generating Units (CGUs) when testing for impairment (refer to Note 14). Lease liabilities are excluded from the carrying amount of a CGU.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Subsequent to initial measurement, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (below $10,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant Accounting Judgements, Estimates and Assumptions

Lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if the option is reasonably certain to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Group continues to reassess the lease over its term to determine if there is a significant event or change in circumstances that would impact the renewal decision. The Group has included the renewal period as part of the lease term for its property leases.

17. Government grants

	2020 $'000	2019 $'000
Reconciliation of government grants at beginning and end of period:		
At beginning of period	**430**	2,067
Grant received during the year	**-**	-
Allocated to exploration and evaluation assets	**(430)**	(1,637)
At end of period	**-**	430

Accounting Policy

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

Funding and Risk Management
18. Interest bearing loans and borrowings

	2020 $'000	2019 $'000
Current bank debt	**26,000**	-
Non-current bank debt	**203,438**	213,680

Net of capitalised transaction costs of $nil (2019: $4.5 million).

In August 2017, Cooper Energy negotiated a $250.0 million senior secured Reserve Based Lending Facility, principally to fund the Sole Gas Project, and a senior secured $15.0 million working capital facility. Cooper Energy is in compliance with all covenants at 30 June 2020. A summary of the Group's secured facilities is included below.

Facility	Reserve Based Lending Facility
Currency	Australian dollars
Limit[1]	$250.0 million (2019: $250.0 million)
Utilised amount	$229.4 million (2019: $218.2 million)
Accounting balance	$229.4 million (2019: $213.7 million)
Effective interest rate	6.01% floating
Maturity[2]	2021 – 2024

Facility	Working Capital Facility
Currency	Australian Dollars
Limit	$15.0 million (2019: $15 million)
Utilised amount[3]	$1.5 million (2019: $1.7 million)
Accounting balance	Nil (2019: Nil)
Effective interest rate	Nil
Maturity	28 September 2022

[1] As at 30 June 2020, $233.0 million of the facility limit of $250.0 million is currently available.
[2] Repayment profile based on facility utilisation and reserves profile following completion of the Sole Gas Project
[3] As at 30 June 2020, no amounts have been drawn down, but $1.5 million has been utilised by way of bank guarantees.

Accounting Policy

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

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

19. Net finance costs

	2020 $'000	2019 $'000
Finance Income		
Interest income	**1,728**	3,398
Finance Costs		
Accretion of restoration provision	**(4,001)**	(4,902)
Accretion of success fee liability	**(37)**	(70)
Finance costs associated with lease liabilities	**(634)**	-
Interest expense	**(12,580)**	(11,015)
Capitalised interest	**9,665**	11,015
Total finance costs	**(7,587)**	(4,972)
Net finance costs	**(5,859)**	(1,574)

Accounting Policy

Interest earned is recognised in the Consolidated Statement of Comprehensive Income as finance income and is recognised as interest accrues using the effective interest rate. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest expense is capitalised to the cost of a qualifying asset during the development phase.

20. Contributed equity and reserves

Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent entity. The primary objective of the Group's capital management is to maintain an appropriate capital profile to support its business activities and to maximise shareholder value. At 30 June 2020, the Group has utilised $229.4 million of its Reserve Based Lending Facility. The Group manages its capital structure and makes adjustments in light of economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust its dividend policy, return capital to shareholders, issue new shares or draw on debt. No changes were made in the objectives, policies or processes during the current and prior period.

Share capital

	2020 $'000	2019 $'000
Ordinary shares issued and fully paid	**475,862**	474,397

	2020 Thousands	**2020 $'000**	2019 Thousands	2019 $'000
Movement in ordinary shares on issue				
At 1 July	**1,621,551**	**474,397**	1,601,079	471,837
Issuance of shares for Performance Rights and Share Appreciation Rights	**5,096**	**1,465**	19,682	2,217
Issuance of shares to contractors	**-**	**-**	790	343
At 30 June	**1,626,647**	**475,862**	1,621,551	474,397

Accounting Policy

Issued and paid up capital is recognised as the fair value of the consideration received by the Group. The shares issued do not have a par value and there is no limit on the authorised share capital of the Group. Fully paid ordinary shares carry one vote per share, which entitles the holder to participate in the proceeds on winding up of the company in proportion to the number of, and amounts paid on, the shares held.

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

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

Reserves

	Consol. reserve $'000	**Share based payment reserve $'000**	**Option premium reserve $'000**	**Cash flow hedge reserve $'000**	**Equity instrument reserve $'000**	**Total $'000**
Consolidated						
At 1 July 2018	(541)	9,586	25	310	545	9,925
Other comprehensive expenditure	-	-	-	(894)	(989)	(1,883)
Transferred to issued capital	-	(2,217)	-	-	-	(2,217)
Share-based payments	-	3,422	-	-	-	3,422
At 30 June 2019	(541)	10,791	25	(584)	(444)	9,247
Other comprehensive income/ (expenditure)	-	-	-	584	(690)	(106)
Transferred to issued capital	-	(1,465)	-	-	-	(1,465)
Share-based payments	-	3,504	-	-	-	3,504
At 30 June 2020	**(541)**	**12,830**	**25**	**-**	**(1,134)**	**11,180**

20. Contributed equity and reserves continued

Nature and purpose of reserves

Consolidation reserve
The reserve comprises the premium paid on acquisition of minority shareholdings in a controlled entity.

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

Option premium reserve
This reserve is used to accumulate amounts received from the issue of options. The reserve can be used to pay dividends or issue bonus shares.

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

Equity instruments reserve
This reserve is used to capture the fair value movement in the value of equity instruments designated at fair value through Other Comprehensive Income. Items in this reserve are never recycled through profit or loss.

Accumulated Losses

	2020 $'000	2019 $'000
Movement in accumulated losses:		
Balance at 1 July	**(49,931)**	(37,880)
Net loss for the year	**(86,029)**	(12,051)
Balance at 30 June	**(135,960)**	(49,931)

21. Financial risk management

The Group's principal financial instruments comprise cash and short-term deposits (Note 5), receivables (Note 6), payables (Note 9), borrowings (Note 18) and other financial assets and liabilities as disclosed in the below table.

	2020 $'000	2019 $'000
Other financial assets – Non-Current		
Equity instruments[1]	**564**	1,252
Escrow proceeds receivable	**20,968**	20,488
	21,532	21,740

[1] The equity instruments consist of two investments and the Group has not received dividends during the financial year.

	2020 $'000	2019 $'000
Other financial liabilities – Current		
Derivative financial instruments designated in a hedge relationship	**-**	1,758
	-	1,758
Other financial liabilities – Non-Current		
Success fee financial liability	**3,642**	3,482
	3,642	3,482
Movement in carrying amount of the success fee financial liability:		
Carrying amount at 1 July	**3,482**	3,054
Accretion of success fee liability	**37**	70
Fair value adjustment	**123**	358
Carrying amount at 30 June	**3,642**	3,482

Fair value hierarchy

Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

		Carrying amount		Fair value	
	Level	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Financial assets					
Trade and other receivables	2	**19,996**	21,169	**19,996**	21,169
Equity instruments	1	**564**	1,252	**564**	1,252
Escrow proceeds receivable	2	**20,968**	20,488	**20,968**	20,488
Financial liabilities					
Trade and other payables	2	**21,183**	44,533	**21,183**	44,533
Success fee financial liability	3	**3,642**	3,482	**3,642**	3,482
Derivative financial instruments designated in a hedge relationship	2	**-**	1,758	**-**	1,758
Interest bearing loans and borrowings	2	**229,438**	213,680	**230,705**	215,566

21. Financial risk management continued

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

Equity instruments
Equity instruments are not held for trading and measured at fair value through other comprehensive income based on an irrevocable election made at inception on an instrument basis and are initially recognised at fair value plus any directly attributable transaction costs. After initial recognition, investments are remeasured to fair value determined by reference to their quoted market price on a prescribed equity stock exchange at the reporting date, and hence is a Level 1 fair value measurement.

Changes in the fair value of equity investments are recognised as a separate component of equity and not recycled to profit and loss at any stage. Any dividends received are reflected in profit or loss.

Escrow proceeds receivable
During the 2018 financial year, the Group completed the sale of Orbost Gas Processing Plant to APA Group. A portion of proceeds from the sale is held in escrow, to be released upon certain conditions being satisfied. Amounts held in escrow are measured at amortised cost in the Consolidated Statement of Financial Position.

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

Success fee financial liability
The success fee liability is the fair value of the Group's liability to pay a $5.0 million success fee upon the commencement of commercial production of hydrocarbons on the Group's VIC/RL 13-15 assets acquired on 7 May 2014. The significant unobservable (level 3) valuation inputs for the success fee financial liability includes: a probability of 33% that no payment is made and a probability of 67% the payment is made in 2024. The discount rate used in the calculation of the liability as at 30 June 2020 equalled 0.49% (June 2019: 1.02%). The financial liability is measured at fair value through profit and loss and valued using a discounted cash flow model and the value is sensitive to changes in discount rate and probability of payment. Significant changes in any of the significant unobservable inputs would result in significantly higher or lower fair value measurement.

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

The main financial risks that arise in the normal course of business for the Group's financial instruments are foreign currency risk, commodity price risk, share price risk, credit risk, liquidity risk and interest rate risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring exposure to foreign exchange risk and assessments of market forecast for interest rates, foreign exchange and commodity prices. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board's policy is that no speculative trading in financial instruments be undertaken. The primary responsibility for the identification and control of financial risks rests with the Managing Director and the Chief Financial Officer, under the authority of the Board. The Board is apprised of these and other risks at Board meetings and agrees any policies that may be implemented to manage any of the risks identified below.

Market risk

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

The sensitivity analyses in the following sections relate to the position as at 30 June 2020 and 30 June 2019. The sensitivity analyses are intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

When calculating the sensitivity analyses, it is assumed that the sensitivity of the relevant profit before tax item and/or equity is the effect of the assumed changes in respective market risks, with all other variables held constant. This is based on the financial assets and financial liabilities held at 30 June 2020 and 30 June 2019.

21. Financial risk management continued

a) Foreign currency risk

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

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

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

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

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

	2020 $'000	2019 $'000
Financial assets		
Cash	**13,830**	3,980
Trade and other receivables	**2,176**	5,591

b) Commodity price risk

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

Commodity price risk arises from the sale of oil denominated in US dollars. The Group has provisional sales at 30 June 2020 of $2.2 million (2019: $5.6 million).

c) Interest rate risk

The Group has borrowings of $229.4 million at 30 June 2020 (2019: $213.7 million). Interest on borrowings are at variable rates (refer to Note 18) and are capitalised while the project is in development. The Group has fixed rate term deposits that are not impacted by changes in the interest rate at balance date.

d) Share price risk

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

The following table summarises the sensitivity of financial instruments held at the year end, to the market risks above, with all other variables held constant.

	2020 $'000	2019 $'000
	Impact on after tax profit	
If the Australian dollar were 10% higher at the balance date	**(1,455)**	(870)
If the Australian dollar were 10% lower at the balance date	**1,778**	1,063
If the Brent Average price were 10% higher at the balance date	**397**	656
If the Brent Average price were 10% lower at the balance date	**(397)**	(656)
If the interest rates were 10% higher at the balance date	**(2,294)**	-
If the interest rates were 10% lower at the balance date	**2,294**	-
	Impact on reserve	
If the share price were 10% higher at the balance date	**56**	125
If the share price were 10% lower at the balance date	**(56)**	(125)

21. Financial risk management continued

Credit risk

Credit risk arises from the financial assets of the Group which comprise cash and cash equivalents and trade and other receivables including hedge settlement receivables, escrow proceeds receivable (disclosed as other financial assets), and certain prepayments. 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.

The Group trades only with recognised creditworthy third parties and has had no exposure to expected credit losses. The Group has a concentration of credit risk with trade receivables due from a small number of entities which have traded with the Group since 2003. Trade receivables are settled on 30 to 90 day terms. There are no amounts provided for based on lifetime expected credit loss from trading customers. The Group has some exposure to credit loss from other receivables and an amount of $2.4 million calculated on lifetime expected credit loss has been recognised in respect of a credit-impaired receivable.

Cash and cash equivalents, term deposits and escrow proceeds receivable are held at three financial institutions that have a Standard & Poor's A credit rating or better.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet all financial commitments in a timely and cost-effective manner. The Managing Director and Chief Financial Officer review the liquidity position on a regular basis including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

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

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

	Less than 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Greater than 5 years $'000	Total $'000
At 30 June 2020					
Trade and other payables	**21,183**	**-**	**-**	**-**	**21,183**
Lease liabilities	**258**	**786**	**6,887**	**5,118**	**13,049**
Interest bearing loans and borrowings	**2,530**	**35,192**	**218,017**	**-**	**255,739**
Success fee financial liability	**-**	**-**	**5,000**	**-**	**5,000**
	23,971	**35,978**	**229,904**	**5,118**	**294,971**
At 30 June 2019					
Trade and other payables[1]	41,644	-	-	-	41,644
Interest bearing loans and borrowings	-	9,490	235,262	15,763	260,514
Success fee financial liability	-	-	5,000	-	5,000
Derivative financial liabilities designated in a hedge relationship	-	1,758	-	-	1,758
	41,644	11,248	240,262	15,763	308,916

[1] Excludes deferred lease incentive

22. Hedge accounting

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

Cash flow hedges – interest rate swaps
Interest rate swaps measured at fair value through other comprehensive income are designated as hedging instruments in cash flow hedges of forecast interest payments in respect of the Group's reserve base lending facility.

Carrying amount	$nil (2019: $1.8 million liability)
Notional value	$nil (2019: $161.7 million)
Hedge cover	Nil (2019: 74%)
Maturity date	N/A
Average hedged rate	N/A

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

	30 June 2020		30 June 2019	
	Assets $'000	**Liabilities $'000**	Assets $'000	Liabilities $'000
Fair value of interest rate swaps	**-**	**-**	-	1,758

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

The cash flow hedges of the expected future interest payments were assessed to be highly effective and a net unrealised gain of $2.1 million (2019: $1.3 million net unrealised loss) and a tax expense of $0.4 million (2019: tax benefit of $0.4 million) relating to the hedging instrument are included in OCI. $1.2 million has been reclassified to the profit and loss in the current period.

Accounting Policy

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

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

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

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

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

Group Structure

23. Interests in joint arrangements

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

		Ownership Interest	
		2020	2019
Joint Arrangements in Australia in which Cooper Energy Limited is the operator/manager			
VIC/L24 & 30	Gas exploration and production	**50%**	50%
Joint Arrangements in Australia in which Cooper Energy Limited is not the operator/manager			
PEL 90K	Oil and gas exploration	**-**	25%
PEL 93[1]	Oil and gas exploration and production	**30%**	30%
PRL 237	Oil and gas exploration	**20%**	20%
PRL 207-209 (Formerly PEL 100)	Oil and gas exploration	**19.165%**	19.165%
PRL 183-190 (Formerly PEL 110)	Oil and gas exploration	**20%**	20%
PEL 494	Oil and gas exploration	**30%**	30%
PEP 150	Oil and gas exploration	**50%**	50%
PEP 168	Oil and gas exploration	**50%**	50%
PEP 171	Oil and gas exploration	**75%**	75%
PRL 32	Oil and gas exploration	**30%**	30%
PRL 85-104[1] (Formerly PEL 92)	Oil and gas exploration and production	**25%**	25%

[1] Includes associated PPLs.

Accounting Policy

The Group has interests in arrangements that are controlled jointly. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. The Group has several joint arrangements which are classified as joint operations. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement.

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

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

Significant Accounting Judgements, Estimates and Assumptions

Joint arrangements

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

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

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

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

24. Investments in controlled entities

(a) Schedule of controlled entities

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

			Ownership Interest	
Name	**Country of incorporation**	**Note**	**2020**	2019
CE Tunisia Bargou Ltd	British Virgin Islands		**100%**	100%
CE Hammamet Ltd	British Virgin Islands		**100%**	100%
CE Nabeul Ltd	British Virgin Islands		**100%**	100%
Somerton Energy Limited	Australia	(a)	**100%**	100%
Essential Petroleum Exploration Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (Australia) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (PBF) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (PB Pipelines) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (CH) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (TC) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (MF) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (MGP) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (IC) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (HC) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (EA) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (Sole) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (VO) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (Marketing) Pty Ltd	Australia	(a)	**100%**	100%
Cooper Energy (BMG) Pty Ltd	Australia		**100%**	-
Cooper Energy (CB) Pty Ltd	Australia		**100%**	-
Cooper Energy (Finance) Pty Ltd	Australia		**100%**	-

The parties that comprise the Closed Group are denoted by (a).

(b) Deed of Cross Guarantee

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

CE Tunisia Bargou Ltd, CE Hammamet Ltd, CE Nabeul Ltd, Cooper Energy (BMG) Pty Ltd, Cooper Energy (CB) Pty Ltd and Cooper Energy (Finance) Pty Ltd were inactive during the current and prior year, therefore the Financial Statements of the consolidated entity also represent the closed group results.

(c) Asset acquisition

On 1 May 2018, the Casino Henry Joint Venture participants entered into an agreement to acquire the BHP's 90% interest in the Athena Gas Plant from the Minerva Joint Venture on cessation of current operations processing gas from the Minerva gas field. This transaction completed on 4 December 2019 and is when control passed.

The table below shows the assets acquired as part of the transaction.

	2020 $'000
Consideration transferred	**4,113**
Inventory	**396**
Property, plant and equipment	**8,674**
Restoration provision	**(4,957)**
Net assets acquired	**4,113**

24. Investments in controlled entities continued

Accounting Policy

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

When the Group acquires a business, it assesses the financial assets and liabilities acquired for appropriate classification and designation per AASB 9 *Financial Instruments* (AASB 9) in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the acquisition date fair value of the acquirers previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

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

25. Parent entity information

Information relating to the parent entity, Cooper Energy Limited	**2020 $'000**	2019 $'000
Current Assets	**114,686**	179,179
Total Assets	**638,845**	597,200
Current Liabilities	**14,891**	22,683
Total Liabilities	**192,562**	120,522
Issued capital	**475,862**	474,397
Accumulated loss	**(42,794)**	(8,535)
Option premium reserve	**25**	25
Share based payment reserve	**12,830**	10,791
Total shareholders' equity	**445,923**	476,678
(Loss)/Profit of the parent entity	**(39,302)**	1,250
Total comprehensive (loss)/gain of the parent entity	**(39,302)**	1,250

Other Information

26. Commitments for expenditure

The Group has the following commitments for expenditure not provided for in the financial statements and payable.

	Exploration capital		Leases	
	2020	2019	**2020[1]**	2019[2]
	$'000	$'000	**$'000**	$'000
Due within 1 year	**32,300**	20,722	**24,273**	1,584
Due within 1-5 years	**68,944**	33,544	**242,729**	6,866
Due later than 5 years	**-**	-	**112,398**	896
Total	**101,244**	54,266	**379,400**	9,346

[1] Commitments relating to leases that have not yet commenced
[2] Relates to operating lease commitments under non-cancellable office lease. Refer to the transition disclosures within the new accounting standards and interpretations section for reconciliation of lease commitments disclosed to the lease liability recognised on transition to AASB 16 *Leases.*

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

As at 30 June 2020 the Parent entity has bank guarantees for $1.5 million (2019: $1.7 million). These guarantees are in relation to performance bonds on exploration permits and guarantees on office leases.

Accounting Policy

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

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

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

This accounting policy was only applicable for the 2019 year.

27. Share based payments

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

Testing of the performance rights and share appreciation rights will occur at the end of the three year performance period. Rights granted prior to the 2020 financial year may be retested once 12 months after the original three year test date. At the end of the three year measurement period, those rights that were tested and achieved will vest.

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

Performance rights are also granted as part of deferred STIP and testing of these rights will occur at the end of a 12 month performance period. Rights granted will vest if the employee remains employed by the Company at the end of the performance period.

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.

27. Share based payments continued

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

Date Granted	Number of share appreciation rights (SARs) granted	Number of performance rights granted	Average share price at commencement date of grant	Average contractual life of rights at grant date in years	Remaining life of rights in years
8 December 2017	**15,898,978**	**6,330,443**	**$0.310**	**3**	**0.5**
12 December 2018	**13,312,848**	**4,888,166**	**$0.435**	**3**	**1.5**
12 December 2018[1,2]	**-**	**697,284**	**$0.435**	**1**	**-**
11 December 2019	**14,871,802**	**4,257,209**	**$0.575**	**3**	**2.5**
11 December 2019[2]	**-**	**769,605**	**$0.575**	**1**	**0.5**

[1]Granted in December 2018 and exercised in December 2019
[2]Relates to deferred STIP performance rights granted

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

	Number of Share Appreciation Rights		Number of Performance Rights[1]	
	2020	2019	**2020**	2019
Balance at beginning of year	**38,457,469**	46,017,694	**15,464,897**	17,846,179
- granted	**14,871,802**	13,312,848	**5,026,814**	5,585,450
- vested	**(5,049,246)**	(19,269,412)	**(2,613,107)**	(7,296,874)
- expired and not exercised	**-**	-	**-**	(51,439)
- forfeited following employee termination	**-**	(1,603,661)	**(15,975)**	(618,419)
Balance at end of year	**48,280,025**	38,457,469	**17,862,629**	15,464,897
Achieved at end of year	**-**	-	**-**	-

[1]Includes deferred STIP issued as performance rights

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

Share Appreciation Rights fair value assumptions	**8 December 2017**	**12 December 2018**	**11 December 2019**
Fair value at measurement date	12.4 cents	14.5 cents	15.8 cents
Share price	29.5 cents	43.5 cents	57.5 cents
Risk free interest rate	1.94%	1.95%	0.68%
Expected volatility	56%	49%	40%
Dividend yield	0%	0%	0%

Performance Rights fair value assumptions	**8 December 2017**	**12 December 2018**	**11 December 2019**
Fair value at measurement date	22.4 cents	30.0 cents	37.7 cents
Share price	29.5 cents	43.5 cents	57.5 cents
Risk free interest rate	1.94%	1.95%	0.68%
Expected volatility	56%	49%	40%
Dividend yield	0%	0%	0%

27. Share based payments continued

Accounting Policy

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

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

The fair value is determined using the Black-Scholes methodology to produce a Monte-Carlo simulation model that takes into account the exercise price, the vesting period, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the performance right or share appreciation right, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the vesting period. The fair value of the performance rights and share appreciation rights granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

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

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:
1. the extent to which the vesting period has expired; and
2. the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Consolidated Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employees as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding performance rights and share appreciation rights is reflected as additional share dilution in the computation of diluted earnings per share.

Significant Accounting Judgements, Estimates and Assumptions

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

28. Related party disclosures

The Group has a related party relationship with its joint arrangements (Note 23), its subsidiaries (Note 24), and its key management personnel (disclosure below).

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

	2020 $	2019 $
Short-term benefits	**5,906,298**	6,038,132
Other long-term benefits	**47,513**	105,207
Post-employment benefits	**244,725**	225,178
Performance Rights and Share Appreciation Rights	**2,263,996**	2,122,499
Total	**8,462,532**	8,491,016

29. Remuneration of Auditors

	2020 $	2019 $
The auditor of Cooper Energy Limited is Ernst & Young		
Audit services		
Amounts received or due and receivable by Ernst & Young Australia for:		
Audit of statutory report of Cooper Energy Limited	**511,395**	390,425
	511,395	390,425
Other services		
Taxation and other services	**187,915**	193,650
	187,915	193,650
Total fees to Ernst & Young	**699,310**	584,075

30. Events after the reporting period

On 20 August 2020, Cooper Energy and APA executed a Transition Agreement which outlines terms for the parties to work together to complete the commissioning of the Orbost Gas Processing Plant (OGPP), and commence firm supply to Cooper Energy's term gas customers as early as possible.

The Transition Agreement supplements the existing agreements and sets aside potential claims and entitlements available to either party. It also provides for the sharing of operating costs, capital costs (Phase 2 works) and revenue whilst OGPP commissioning proceeds towards completion.

Directors' Declaration

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

1. In the opinion of the Directors:

   (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in the Basis of Preparation; and

   (c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 24 will be able to meet any obligations or liabilities to which they are, or may become subject, by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors.

Mr John C. Conde AO
Chairman

31 August 2020

Mr David P. Maxwell
Managing Director

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cooper Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

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

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

1. Funding and liquidity and progress towards Practical Completion of the Sole Gas Project

Why significant	How our audit addressed the key audit matter
During the financial year, the development of the offshore upstream Sole Gas field and associated Sole Gas pipeline (together, the Sole Gas Project, or Sole) was completed, and the upstream field and pipeline were successfully commissioned. Commissioning of the Orbost Gas Processing Plant (OGPP) (which will process gas from Sole but is not owned by Cooper Energy) commenced during the financial year but commissioning remains ongoing due to technical difficulties in respect of which the Group has established a plan with the operator of the OGPP. The modification and rectification work at the OGPP continue at the date of this report. As set out in Significant judgements, estimates and assumptions within the section titled 'Funding and liquidity and progress towards Practical Completion of the Sole Gas Project' the delays in commissioning have led to a number of matters to be considered by management, including the impact on the Group's funding position and considerations of Cooper Energy's ability to continue as a going concern, as well as considerations for impairment and treatment of the arrangement to use the OGPP (both identified as separate Key Audit Matters below). We have considered this a Key Audit Matter due to the judgments involved in assessing the impacts on funding and liquidity and on the financial statements as a whole. For the same reasons we consider it important that attention is drawn to the information set out in the section titled 'Funding and liquidity and progress towards completion of the Sole Gas Project'.	We assessed management's overall considerations regarding the status of the Sole project and in particular the OGPP, and the impact on the Group's overall funding and liquidity position and ability to continue as a going concern. Our procedures included assessing: ▸ The operational status of the OGPP and planned activity to address ongoing technical difficulties and achieve Practical Completion. ▸ The Group's cash flow forecasts through to September 2021, corroborating those against work performed in other areas of the audit, including assessing outcomes of alternate various scenarios regarding Practical Completion. ▸ The status of funding at the balance sheet date and as at the date of signing of the financial report and auditors report. ▸ The construct of the Reserves Based Lending (RBL) facility and the Group's rights and obligations under the facility. ▸ Other information supporting the Directors' view that the likelihood of an Event of Default being called under the Group's RBL facility is remote, based on the operation of the RBL and factors known at the date of signing the financial report, including analysis provided by management's external specialists. ▸ Disclosure in Significant judgements, estimates and assumptions within the section titled 'Funding and liquidity and progress towards Practical Completion of the Sole Gas Project'.

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2. Carrying value of oil and gas assets and exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
Australian Accounting Standards require the Group to assess throughout the reporting period whether there is any indication that an asset may be impaired, or that reversal of a previously recognised impairment may be required. If any such indications exist, the Group shall estimate the recoverable amount of the asset. Impairment indicators were present for several oil and gas asset cash generating units (CGUs) and certain exploration and evaluation assets, and impairment testing was undertaken. Accounting standards require that the recoverable amount be determined based on the higher of value in use (VIU) or fair value less costs of disposal (FVLCD). Where FVLCD was used, this was calculated using the income approach. The Group's oil and gas assets have been impaired by $28.1m, and exploration and evaluation assets by $79.4m. Further details on the exploration and evaluation assets and oil and gas asset CGUs impaired are set out in note 14 in the Group financial report. Note 14 also sets out details with respect to the impairment testing of the Sole Gas Project for which impairment was not recorded. The impairment testing process is complex and highly judgmental and is based on assumptions and estimates that are affected by expected future performance and market conditions. Key assumptions, judgments and estimates used in assessing the recoverable amounts include oil and gas reserves and resources volumes, production profiles, commodity prices, capital and operating expenditures, and discount rates.	In completing our audit procedures, we evaluated the discounted cash flow models and other data supporting the Group's assessment. We involved our valuation specialists to assist in these procedures, where applicable. Our procedures included: ▸ Evaluating the Group's commodity price assumptions with the assistance of our valuation specialists, with reference to third party evidence, including contractual arrangements, market prices (where available), broker consensus and analyst views. ▸ Evaluating the Group's discount rate and foreign exchange assumptions with assistance from our valuation specialists and with reference to external data points such as risk-free rates and market risk. ▸ Comparing future operating and capital expenditure to current approved budgets, forecasts, contractual arrangements and historical expenditure, and ensuring variations were in accordance with our expectations based upon other information obtained throughout the audit. We relied on the work of the Group's internal experts with respect to cost estimates, corroborating data where possible with other sources of audit evidence. ▸ Understanding future production profiles compared to latest reserves and resources estimates, current approved budgets and forecasts and historical performance. ▸ Using the work of the Group's internal and external experts with respect to hydrocarbon reserve and resource estimations. This included assessing the qualifications, competence and objectivity of the Groups' internal and external experts involved in these estimation processes, evaluating the adequacy of the experts' work, and assessing whether key economic assumptions used in the estimation of reserves and resources volumes were consistent with

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Why significant	How our audit addressed the key audit matter
As a consequence of the judgments, estimates and assumptions involved in the impairment testing process, the sensitivity of carrying values to these inputs, and the magnitude of the impairments recorded, this was considered a key audit matter. For this reason attention is drawn to note 14 in the Group financial report.	those used by the Group in impairment testing, where applicable. ▸ Examining the reasons for changes to recoverable amounts relative to previous impairment assessments. ▸ Testing the mathematical accuracy of the Group's discounted cash flow models. ▸ Comparing the carrying amount of the Group's oil and gas and exploration and evaluation assets (post impairment) to the Group's market capitalisation and recent comparable market transactions and reserve and resource transaction and trading multiples, where available. ▸ Assessing the adequacy of the financial report disclosures regarding assumptions, key estimates and judgments applied by management and sensitivity analysis with respect to the impairment assessments.

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3. Restoration provisions

Why significant	How our audit addressed the key audit matter
The Group has recognised restoration provisions of $392.2m million at 30 June 2020 which are disclosed in note 15 of the Group's financial report. The calculation of restoration provisions made by the Group is conducted using both internal and external specialist engineers. These calculations require judgment in respect of asset lives, timing of restoration work being undertaken, environmental legislative requirements and how these will be interpreted, the extent of restoration activities required, the condition of the assets being restored, and how each of these factors will impact the cost of future restoration activities. As a consequence of the judgments involved and the magnitude of restoration provisions recorded, this was considered a key audit matter and attention is drawn to note 15 in the financial report	Our audit procedures included the following: ▸ Assessing the qualifications, competence and objectivity of the Groups' internal and external experts involved in the estimation process and evaluating the adequacy of the experts' work to determine whether their work was appropriate, including understanding the basis for forecast cost assumptions for restoration. ▸ Assessing the effectiveness of relevant controls over the Group's restoration provision estimation process. ▸ Testing the consistency of the application of principles and key economic assumptions to other areas of the audit, such as reserves estimation and impairment testing. ▸ Testing the mathematical accuracy of the net present value calculations and considered the appropriateness of the discount rate applied in the calculation. ▸ Examining the reasons for changes to restoration provisions relative to previous periods. ▸ Assessing the adequacy of the Group's disclosures in respect of the restoration provisions regarding assumptions, key estimates and judgments applied by management and sensitivity analysis with respect to the restoration provisions.

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4. Accounting for the Sole Gas Project

Why significant	How our audit addressed the key audit matter
As noted in 1. above, during the financial year the development of the Sole Gas Project was completed, but commissioning of the OGPP remains ongoing due to technical difficulties arising during commissioning of the plant. Further detail on the progress of Sole and commissioning of the OGPP are set out in the Group financial report in Significant judgements, estimates and assumptions within the section titled 'Funding and liquidity and progress towards Practical Completion of the Sole Gas Project', within the 'New accounting standards and interpretations' section and note 16. The completion of the Sole development and commencement of production gives rise to several accounting considerations. These include accounting for commissioning revenues earned during commissioning of the field, timing of commencement of depreciation of the field and pipeline, and timing of the cessation of capitalisation of interest associated with the development of the Sole Gas Project. There is judgment involved in assessing the accounting for the OGPP, including in assessing whether the arrangement for the processing of Sole gas through the OGPP contains a lease, and if so, when the right of use asset and associated lease liability will be recognised on the balance sheet of Cooper Energy. Other accounting matters arising include the treatment of liquidated damages income earned by Cooper Energy because of delays in the construction of the OGPP and assessing the lease versus non-lease components and the fixed versus variable payments made under the lease arrangement, when the lease commences. As a consequence of the number of matters to consider and significant judgments involved, this was considered a key audit matter.	We assessed each of the key accounting considerations, involving our technical accounting specialists in those areas where application of the Australian Accounting Standards required the most judgment or complexity. Our procedures included assessing: ▸ The accounting for commissioning revenues earned during commissioning of the field and associated costs of production. ▸ The timing of commencement of depreciation of the field and pipeline, and timing for the cessation of capitalisation of interest associated with the development of the Sole Gas Project. ▸ The lease versus non-lease components and the fixed versus variable payments to be made under the OGPP arrangement, and the interest rate implicit in the lease (IRIL) arrangement which is used in measuring the right of use asset and lease liability recognised on commencement of the lease arrangement (having determined in the prior period that the OGPP arrangement contained a lease). ▸ When the OGPP lease is deemed to have commenced under Australian Accounting Standards, which impacts when the right of use asset and associated lease liability will be recognised on the Group's balance sheet. ▸ Treatment of liquidated damages income earned by Cooper Energy as a consequence of delays in the construction of the OGPP ▸ The Group's disclosures in respect of the OGPP arrangement as well as other disclosures pertaining to the accounting considerations in respect of the Sole Gas Project.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 30 June 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report and the Overall Financial Review that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 38 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Cooper Energy Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

L A Carr
Partner
Adelaide
31 August 2020

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

As lead auditor for the audit of the financial report of Cooper Energy Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

L A Carr
Partner
Adelaide
31 August 2020

Abbreviations and Terms

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

The terms “the Company” and “Cooper Energy” and “the Group” are used in the report to refer to Cooper Energy Limited and/or its subsidiaries. The terms “2020”, or “2020 financial year” refer to the 12 months ended 30 June 2020 unless otherwise stated. References to “2019”, or other years refer to the 12 months ended 30 June of that year.

$: Australian dollars unless specified otherwise

bbls: barrels of oil

boe: barrels of oil equivalent

EBITDA: earnings before interest, tax, depreciation and amortisation

HSEC: health, safety, environment and community

kbbl: thousand barrels of oil

LTI: lost time injury

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

MMbbl: million barrels of oil

MMboe: million barrels of oil equivalent

NPAT: net profit after tax

PJ: petajoules

TJ: terajoules

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

VWAP: volume weighted average price

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

2C: Best Estimate of Contingent Resources

Corporate Directory

Directors

John C Conde AO, Chairman
David P Maxwell
Timothy G Bednall (appointed 31 March 2020)
Victoria J Binns (appointed 2 March 2020)
Elizabeth A Donaghey
Hector M Gordon
Jeffrey W Schneider
Alice J Williams

Company Secretary

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

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Auditors

Ernst & Young
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Solicitors

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Bankers

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Australia and New Zealand Banking Group
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Sydney, New South Wales 2000

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

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

Natixis, Hong Kong Branch
Level 72, International Commerce Centre
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Kowloon, Hong Kong

Share Registry

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