

Appendix 4D

Interim Financial Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	31 December 2010 31 December 2009

Results for announcement to the market

Revenue from ordinary activities
Profit from ordinary activities after tax attributable to members

Percentage Change %	Amount \$'000
down 17.6% down 54.9%	\$18,435 \$3,551
31 December 2010	30 June 2010
44.0 cents	42.8 cents

Net tangible assets per share
(inclusive of Exploration and Evaluation expenditure capitalised)

The Directors do not propose to pay a dividend.
The attached Half Year Report has been audit reviewed

Brief explanation of results

In the six month period to December 2010, oil sales revenue was \$18,435,000 from the sale of 216,878 barrels of oil which generated a profit after tax of \$3,551,000. Production of oil was 49,773 barrels lower when compared to the same period in 2009. The Company experienced satisfactory levels of production considering that operations in the Cooper Basin had been affected by extraordinary levels of rain and flooding. Production was assisted by the successful Worrior-7 well that was drilled and completed during the half year period.



Cooper Energy

COOPER ENERGY LIMITED
and its controlled entities

ABN 93 096 170 295

HALF-YEARLY REPORT

31 December 2010

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Directors' Report

for the half-year ended 31 December 2010

The Directors of Cooper Energy Limited ("the Company") present their report and the consolidated Financial Report for the half-year ended 31 December 2010 as follows. The dollar figures are expressed in Australian currency and to the nearest thousand unless otherwise indicated.

Directors

The names of the Directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Laurence J Shervington (Chairman)

Gregory G Hancock

Stephen H Abbott

Michael T Scott (Managing Director)

Christopher R Porter

Review and Results of Operations

Australia Business Unit

In the six month period to December 2010, oil sales revenue was \$18,435,000 (2009: \$22,385,000) from the sale of 216,878 barrels of oil (2009: 266,651) which generated a profit after tax of \$3,551,000 (2009: \$7,867,000).

The Company experienced satisfactory levels of production considering that operations in the Cooper Basin had been affected by extraordinary levels of rain and flooding. Production was assisted by the successful Worrior-7 well that was drilled and completed during the half year period.

No exploration wells were drilled during the half year in the Cooper Basin due to flooding affecting the movement of materials and rigs into PEL92. The successful construction of a bridge and alternative road access is expected to enable a large back to back drilling program to commence in 1Q2011.

50% of the Otway Permit (PEL495) was farmed out to Beach Energy and Somerton Energy. Cooper Energy secures a funded carry on the Company's retained 50% working interest. A well in PEL 495 is expected to be drilled around the end of 2011.

Asia Business Unit

Work on the Sukananti Production Area progressed at a reasonable pace with the Bunian-1 well workover commencing in 1Q2011.

Gigir East-1 was drilled in July/August but the well did not deliver a discovery.

Africa Business Unit

15% of the Bargou Permit in Tunisia was farmed out to Jacka Resources.

Plans for Menzel Horr-1 well in the Bargou Permit were satisfactorily advanced with the well spudding on 4 January 2011.

The Hammamet West Oil Field Contingent Resources were increased during the period.

The Company acquired 85% of the Nabeul Permit in Tunisia. The Company is awaiting Government approvals for the transfer of the asset to Cooper Energy.

Europe Business Unit

The Company secured 6 concessions in Poland with RWE as the Operator. Exploration and appraisal work is ongoing in the permit.

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, Ernst & Young, which forms part of this report.

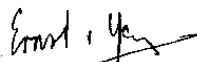
Signed in accordance with a resolution of the directors



M.T. Scott
Managing Director
25 February 2011

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

In relation to our review of the financial report of Cooper Energy Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'R A Kirkby'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R A Kirkby'.

R A Kirkby
Partner
25 February 2011

Consolidated Statement of Comprehensive Income

for the half- year ended 31 December 2010

	Notes	31 December 2010 \$'000	31 December 2009 \$'000
Continuing operations			
Revenue from oil sales	7	18,435	22,385
Cost of sales	7	(7,686)	(8,344)
Gross profit		10,749	14,041
Other revenue	7	1,986	1,912
Administration and other expenses	7	(6,854)	(4,631)
Profit before income tax		5,881	11,322
Income tax expense		(2,330)	(3,455)
Net Profit after tax from continuing operations		3,551	7,867
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,551	7,867
		cents	cents
Basic earnings profit/(loss) per share		1.2	2.7
Diluted earnings profit/(loss) per share		1.2	2.7

The accompanying notes form part of the Half-Year Report

Consolidated Statement of Financial Position

as at 31 December 2010

	Notes	31 December 2010 \$'000	30 June 2010 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	3,8	28,261	92,273
Term deposits at banks	3,8	46,172	212
Trade and other receivables	8	24,983	9,002
Prepayments		33	114
Total Current Assets		99,449	101,601
Non-Current Assets			
Investment in associate		1,701	-
Oil properties		14,498	15,205
Exploration and evaluation		27,002	19,601
Total Non-Current Assets		43,201	34,806
TOTAL ASSETS		142,650	136,407
LIABILITIES			
Current Liabilities			
Trade and other payables		8,352	5,959
Income tax payable		1,162	199
Total Current Liabilities		9,514	6,158
Non-Current Liabilities			
Deferred tax liabilities		3,616	4,408
Provisions		763	744
Total Non-Current Liabilities		4,379	5,152
TOTAL LIABILITIES		13,893	11,310
NET ASSETS		128,757	125,097
EQUITY			
Contributed equity	4	98,657	98,657
Reserves		2,121	2,012
Retained profits		27,979	24,428
TOTAL EQUITY		128,757	125,097

The accompanying notes form part of the Half-Year Report

Consolidated Statement of Changes in Equity

for the half- year ended 31 December 2010

	Issued Capital \$'000	Consoli- dation Reserve \$'000	Share Based Payment Reserve \$'000	Option Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
At 1 July 2010	98,657	(541)	2,528	25	24,428	125,097
Profit for the period	-	-	-	-	3,551	3,551
Total comprehensive income for the period	-	-	-	-	3,551	3,551
Transactions with owners in their capacity as owners:						
Share based payments	-	-	109	-	-	109
At 31 December 2010	98,657	(541)	2,637	25	27,979	128,757
At 1 July 2009	98,472	(541)	2,174	25	23,181	123,311
Profit for the period	-	-	-	-	7,867	7,867
Total comprehensive income for the period	-	-	-	-	7,867	7,867
Transactions with owners in their capacity as owners:						
Share based payments	-	-	177	-	-	177
Shares issued	125	-	-	-	-	125
At 31 December 2009	98,597	(541)	2,351	25	31,048	131,480

The accompanying notes form part of the Half-Year Report

Consolidated Statement of Cash Flows

for the half- year ended 31 December 2010

		31 December 2010 \$'000	31 December 2009 \$'000
	Note		
Cash flows from operating activities			
Receipts from customers		17,266	20,767
Payments to suppliers and employees		(9,610)	(9,113)
Income tax paid		(2,159)	(4,427)
Interest received – other entities		1,455	1,745
Net cash from operating activities		6,952	8,972
Cash flows from investing activities			
Secured loan to associate	8	(14,803)	-
Investment in associate		(1,701)	-
Payments for exploration and evaluation		(6,260)	(5,529)
Placement on term deposits exceed 90 days		(45,960)	-
Investments in oil properties		(1,727)	(1,583)
Net cash flows used in investing activities		(70,451)	(7,112)
Cash flows from financing activities			
Issue of shares		-	125
Net cash flow from financing activities		-	125
Net increase / (decrease) in cash held		(63,499)	1,985
Net foreign exchange differences		(513)	-
Cash and cash equivalents at the beginning of the half-year		92,273	93,437
Cash and cash equivalents at the end of the half-year	3,8	28,261	95,422

The accompanying notes form part of the Half-Year Report

Notes to and forming part of the Financial Statements

for the half year ended 31 December 2010

1. Basis of preparation and accounting policies

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report should be read in conjunction with the annual financial report for the year ended 30 June 2010 and considered together with any public announcements made by Cooper Energy Limited during the half year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Apart for the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

The following amending Standards have been adopted from 1 July 2010. Adoption of these Standards did not have any effect on the financial position or performance of the Group:

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*;
- AASB 2009-8 *Amendments to Australian Accounting Standards- Group Cash-settled share based payment transactions*;
- AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19*;
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*; and
- Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

Notes to and forming part of the Financial Statements for the half year ended 31 December 2010 (continued)

2. Operating Segments

Identification of reportable segments and types of activities

The Group's operates throughout the world and prepares reports internally and externally by continental geographical segments.

Within each segment the costs of operations and income are prepared firstly by legal entity and then by joint venture. Revenue and outgoings are allocated by way of their expense classification and income category. These reports are drawn up on a quarterly basis. Resources are allocated between each segment on a as needs basis. Selective reporting is provided to the Board quarterly while the annual and bi –annual results are reported to the Board.

The following are the current geographical segments:

Australian Business Unit

Exploration and evaluation for oil and gas, development and production and sale of crude oil in a number of areas in the Cooper Basin located in South Australia.

African Business Unit

Exploration and evaluation for oil and gas in the Bargou and Hammamet Permits in Tunisia.

Asian Business Unit

Exploration and evaluation for oil and gas in the South Madura PSC and Sukananti KSO permits in Indonesia.

European Business Unit

Exploration and evaluation for oil and gas in Poland and Romania

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

Accounting Policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period.

The following table presents revenue, profit information, assets and liabilities and cash expenditure for reportable segments for the half-years ended 31 December 2010 and 2009.

Notes to and forming part of the Financial Statements

for the half year ended 31 December 2010 (continued)

2. Operating Segments (continued)

	Business Units				Consolidated
	Australian	African	Asian	Europe	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Half year ended 31 December 2010					
Revenue	18,435	-	-	-	18,435
Other revenue	1,986	-	-	-	1,986
Total consolidated revenue	20,421				20,421
Depreciation of property	(39)	-	-	-	(39)
Amortisation of:-					
:Development costs	(1,747)	-	-	-	(1,747)
:Exploration costs	(647)	-	-	-	(647)
Share based payments	(109)	-	-	-	(109)
Exploration costs written off	(1,521)	-	-	-	(1,521)
Segment result					5,881
Income tax expense					(2,330)
Net profit					3,551
Segment liabilities	(11,231)	(709)	-	(1,953)	(13,893)
Segment assets	101,054	13,704	6,857	21,035	142,650
Cash flow from:-					
:Operating activities	6,952	-	-	-	6,952
:Investing activities	(47,787)	(794)	(1,784)	(20,086)	(70,451)
Capital Expenditure	(1,815)	(1,503)	(263)	(5,551)	(9,132)
Half year ended 31 December 2009					
Revenue	22,385	-	-	-	22,385
Other revenue	1,912	-	-	-	1,912
Total consolidated revenue	24,297				24,297
Depreciation of property	(92)	-	-	-	(92)
Amortisation of:-					
:Development costs	(1,818)	-	-	-	(1,818)
:Exploration costs	(460)	-	-	-	(460)
Share based payments	(177)	-	-	-	(177)
Exploration costs written off	(1,165)	-	-	-	(1,165)
Segment result	11,322	-	-	-	11,322
Income tax expense					(3,455)
Net Loss					7,867
Segment liabilities	(10,157)	(1,939)	-	-	(12,096)
Segment assets	123,303	13,984	6,289	-	143,576
Cash flow from:-					
:Operating activities	8,972	-	-	-	8,972
:Investing activities	(1,756)	(3,858)	(1,498)	-	(7,112)
Capital Expenditure	(1,756)	(3,858)	(1,498)	-	(7,112)

Notes to and forming part of the Financial Statements for the half year ended 31 December 2010 (continued)

		31 December 2010 \$'000	30 June 2010 \$'000
3. Cash and cash equivalents			
Cash at banks and in hand		10,261	2,808
Short term deposits at banks (i)		18,000	89,465
		28,261	92,273
Medium term deposits at the bank (ii)		46,172	212
(i) Short term deposits at the banks are for periods of up to 90 days and earn interests at money market interest rates.			
(ii) Medium term deposits at the bank are for periods exceeding 90 days but not longer than one year and earn interests at money market interest rates.			
4. Contributed equity			
<i>Ordinary shares</i>			
Issued and fully paid		98,657	98,657
	Thousands		
<i>Movement in ordinary shares on issue</i>			
At 1 July 2010	292,576	98,657	-
At 31 December 2010	292,576	98,657	-
5. Contingent assets or liabilities			
Operating lease commitments under non-cancellable office lease not provided for in the financial statements and payable:			
Within one year		354	471
After one year but not more than five years		1,876	1,839
After more than five years		207	413
Total minimum lease payments		2,437	2,723

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

A joint venture, in which the Group is a participant, may have to pay taxes inclusive of penalties arising from fiscal obligations incurred before the Group acquired an equity interest in a production sharing contract. In terms of an agreement with the vendor of the production sharing contract, any pre-acquisition taxes and penalties can be recovered from the vendor. Any liability that may arise is not expected to exceed \$264,000 (2010: \$264,000) and will be fully recoverable from the vendor of the equity interest.

The syndicate of buyers of all oil produced by the parent entity are in disagreement with the State Government of South Australia over the level of charges, set at the port of export, which are on charged to the parent entity. The parent entity is not a party to any of the discussions with the State Government of South Australia. At this stage, the syndicate of buyers and the State Government of South Australia are in discussion to resolve their points of difference. At this time no claim has been received by the parent entity. However in the event that a claim is made on the parent entity or either of the above parties commences legal action, the Directors will then further assess liability recognition. At the date of this report the parent entity estimates that the maximum contingent exposure, before any penalties and other charges, could be \$993,000 (30 June 2010: \$913,000) if the syndicate of buyers are not successful in resolving the disagreement.

Notes to and forming part of the Financial Statements

for the half year ended 31 December 2010 (continued)

	31 December 2010 \$'000	30 June 2010 \$'000
6. Non-current assets – investment in an associate		
a) Investment details		
<i>Unlisted</i>		
Zeta Petroleum Limited	1,701	-
Investment in associates	1,701	-

b) Classification of as an associate

The Company entered into a Share Subscription Agreement with Zeta Petroleum Limited ("Zeta") in July 2010. The Share Subscription Agreement specifies a further minimum corporate investment of £700,000 in 2011 and a gas development project investment up to \$US13.6 million, subject to the Company being satisfied that a number of project milestones are satisfactory met. Zeta is the parent of Zeta Petroleum (Romania) SRL which is exploring for hydrocarbons in the Republic of Romania. Zeta nor its subsidiary have any revenue income. At the 31 December 2010 the Company had a 12.73% holding in Zeta.

7. Revenue and expenses

Profit (loss) from continuing operations before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	31 December 2010 \$'000	31 December 2009 \$'000
Revenues from Oil Operations		
Oil sales	18,435	22,385
Total revenue from oil sales	18,435	22,385
Cost of Sales		
Production expenses and royalties	(5,292)	(6,067)
Amortisation of exploration costs in areas under production	(647)	(459)
Amortisation of development costs in areas of production	(1,747)	(1,818)
Total cost of sales	(7,686)	(8,344)
	10,749	14,041
Other Revenue		
Interest revenue	1,900	1,886
Joint venture fees	86	26
Total other revenue	1,986	1,912
Administration and Other Expenses		
Depreciation of property, plant and equipment	(39)	(92)
Exploration expenditure written off	(1,521)	(1,165)
Share based payments	(109)	(177)
Finance cost – accretion of rehabilitation cost	(18)	(13)
Minimum lease payment – operating leases	(221)	(104)
Unrealised translation loss on foreign currency assets	(1,700)	-
Administration and other expenses	(3,246)	(3,080)
Total other expenses	(6,854)	(4,631)

Notes to and forming part of the Financial Statements

for the half year ended 31 December 2010 (continued)

8. Events subsequent to the year end

Since the 31 December 2010, the funds advanced to an associate of €10,540,000 were repaid in full which, if it had occurred prior the 31 December 2010, would have increased the Cash and Cash equivalents from \$74,220,000 to \$88,003,000 at the 31 December 2010.

Directors' Declaration

In accordance with a resolution of the directors of Cooper Energy Limited, we state that :

In the opinion of the directors:

- a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the financial position at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and
 - ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



M.T. Scott
Managing Director



S.H Abbott
Non-Executive Director

25 February 2011

To the members of Cooper Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cooper Energy Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Cooper Energy Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

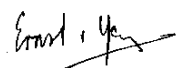
Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cooper Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



R A Kirkby
Partner
Perth

25 February 2011

Corporate Directory

Directors

Laurence J SHERVINGTON (Chairman)
Michael T SCOTT (Managing Director)
Gregory G HANCOCK
Christopher R PORTER
Stephen H ABBOTT

Company Secretary

Ian E GREGORY

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