

Corporate Governance Statement

This statement reports on the main corporate governance practices of Cooper Energy Limited (**Company**) as at 15 August 2014 and it has been approved by the Board of the Company.

The directors of the Company recognise the need for high standards of corporate governance. Accordingly, the Company has elected to 'early adopt' the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company is not required to report against the 3rd Edition of the Principles and Recommendations until the financial year ended 30 June 2015 but early adoption is being encouraged by ASX.

Where the Company's compliance with the Principles and Recommendations is reflected in a separate document or policy, a reference to the location of that document or policy is included in this statement.

References in this statement to "reporting period" are to the financial year ended 30 June 2014.

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1 – comply

A listed entity should disclose:

- (a) the respective roles and responsibilities of its board and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

The Company's Board Charter sets out (amongst other things):

- (a) the roles and responsibilities of the Board and of management;
- (b) the matters expressly reserved to the Board; and
- (c) the matters delegated to management.

A copy of the Board Charter is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/board-charter>

The Audit & Risk Committee and Remuneration & Nomination Committee have also been referred responsibilities by the Board as set out in each Committee's Charter. The Charters for the Committees are located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/audit-and-risk-committee-charter>

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/remuneration-and-nomination-committee-charter>

Recommendation 1.2 – comply

A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Prior to the appointment of a person, or putting forward to security holders a candidate for election, as a director, the Company undertakes checks which it believes are appropriate to verify a director's character, experience, education, criminal record and bankruptcy history including:

- for new directors, background and reference checking; and
- for new directors and for all directors annually (including those put forward for election), requiring the person to complete and sign a questionnaire providing and verifying information in relation to the person's current and previous positions, directorships, bankruptcy history, criminal history and any potential conflicts of interests.

The Company ensures that all material information in its possession relevant to a shareholder's decision whether to elect or re-elect a director, including the information referred to in Recommendation 1.2, is provided to shareholders in the Company's Notice of Annual General Meeting.

Recommendation 1.3 – comply

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Each director and senior executive of the Company has an agreement in writing with the Company which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities and (to the extent applicable) the matters referred to in the commentary to Recommendation 1.3.

Recommendation 1.4 – comply

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary has a direct line of reporting to the Chairman and is responsible for:

- advising and supporting the Chairman and the Board and its committees to manage the day to day governance framework of the Company;
- assisting with Board effectiveness by monitoring whether applicable Board and committee policies, procedures and charters are followed and coordinating timely completion and despatch of Board agendas and papers; and
- assisting with all matters to do with the proper functioning of the Board including advising on governance matters and assisting with induction and professional development of directors.

The responsibilities of the Company Secretary are set out in the Board Charter located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/board-charter>

Recommendation 1.5 – depart from Recommendation

A listed entity should:

- (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it; and
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
 - (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 - (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

One of the Company's core values is fairness and respect; which includes valuing diversity and difference and acting without prejudice. The Company believes that decision-making is enhanced through diversity and supports and encourages diversity at all levels of the organisation in accordance with the Company's Equal Employment Opportunity & Diversity Policy. A copy of the Equal Employment Opportunity & Diversity Policy is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/equal-employment-opportunity-diversity-policy>

The Remuneration & Nomination Committee is responsible for recommending to the Board any measurable objectives for achieving gender diversity and annually reviewing any such objectives and the Company's progress towards achieving them. The Committee reviews and reports to the Board at least annually on the relative proportion of women and men appointed or employed within the Company group. A copy of the Committee Charter is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/remuneration-and-nomination-committee-charter>

Given the size of the Company, the directors believe that it is not appropriate at this stage to set measurable objectives in relation to diversity. Notwithstanding this, the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholders value and which reflects the values, principles and spirit of the Employment Opportunity & Diversity Policy. The directors believe that diversity is a relevant consideration for constitution of an effective Board, as discussed at Recommendation 2.2.

For the financial year ended 30 June 2014, the Company had a total of:

- 22 women employees out of a total of 72 employees across the organisation;
- 1 woman employee out of a total of 4 employees in senior executive positions; and
- 1 woman director out of a total of 5 directors on the Board.

"Senior executive" means the four Executives listed in the Remuneration Report contained within the Company's 2014 Annual Report.

Recommendation 1.6 – comply

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The performance of the Board, is reviewed annually against appropriate measures in a manner that the Board deems appropriate. The review has regard to various matters including those set out in the Board Charter (under “Measurement of Performance”) located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/board-charter>

The Remuneration & Nomination Committee assists the Board as required with the evaluation of performance of directors (including the Managing director).

During the reporting period, a performance evaluation of the Board, was undertaken in accordance with these processes.

Recommendation 1.7 – comply

A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process

The Managing Director reviews the performance of the senior executives annually with the assistance of the Remuneration & Nomination Committee. These evaluations take into account criteria such as the achievement toward the Company's performance benchmarks and the achievement of individual performance objectives.

During the reporting period, a performance evaluation of the senior executives was undertaken by the Company in accordance with these processes.

Principle 2 – Structure the board to add value

Recommendation 2.1 – comply

The board of a listed entity should:

- (a) have a nomination committee which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, and disclose:
 - (iii) the charter of the committee;
 - (iv) the members of the committee; and
 - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Company has established a Remuneration & Nomination Committee which comprises 3 non-executive directors, the majority of whom are independent directors and which is chaired by an independent director.

The Remuneration & Nomination Committee's Charter is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/remuneration-and-nomination-committee-charter>

The Committee's members, the number of times the committee met throughout the reporting period and the attendance of the Committee's members at those meetings is set out on page 36 of the 2014 Annual Report. A copy of the 2104 Annual Report is located at:

<http://www.cooperenergy.com.au/investor-information/reports>

Recommendation 2.2 – comply

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Board regularly evaluates the mix of skills, experience and diversity at the Board level. The Board believes that a highly credentialed Board, with a diversity of background, skills and perspectives, will be effective in supporting and enabling delivery of good governance for the Company and value for the Company's shareholders.

The mix of skills comprised in the current Board, and that the Board would look to maintain, and to build on, includes:

- oil and gas industry expertise;
- high level of business acumen;
- technical expertise (including finance and geology);
- ability to think strategically;
- governance experience and expertise; and
- appropriate team orientated behavioural characteristics (e.g. effective communicators and listeners with integrity, discipline and commitment to Company strategy).

The Board aspires to have a Board comprised of individuals diverse in gender, geographic location, culture, background, perspectives and experience and will be mindful of this when making appointments which will also be based on merit.

Recommendation 2.3 – comply

A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

Details of the Company's independent directors, and the length of service of each director, is set out on pages 26 to 27 of the 2014 Annual Report. A copy of the 2014 Annual Report is located at:

<http://www.cooperenergy.com.au/investor-information/reports>

Recommendation 2.4 – comply

A majority of the board of a listed entity should be independent directors.

A majority of the Board comprises independent directors (3 out of the 5 directors are independent).

Recommendation 2.5 – comply

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chairman of the Board is an independent director and is not the current or previous CEO or Managing Director of the Company. The Board Charter provides for the directors to elect an

independent director, who is not the current or previous Managing Director, to perform the role of Chairman.

Recommendation 2.6 – comply

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

All new directors are provided with an induction including comprehensive meetings with the Managing Director, senior executives and management, and provision of information on the Company including Company and Board policies.

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

The Remuneration & Nomination Committee oversees the induction program for new directors and considers the training and development needs of all directors. The Committee is responsible for ensuring that resources are allocated to developing and maintaining the directors' skills and knowledge, to ensure that the directors have and maintain the necessary skills and knowledge required to fulfil their role on the Board and its Committees effectively.

Principle 3 – Act ethically and responsibly

Recommendation 3.1 – comply

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

The Company has a Code of Conduct that sets out the standards of behaviour expected of all its employees, directors, officers, contractors and consultants. The Code of Conduct is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/code-of-conduct>

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1 – comply

The board of a listed entity should:

- (a) have an audit committee which:
 - (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, who is not the chair of the board, and disclose:
 - (iii) the charter of the committee;
 - (iv) the relevant qualifications and experience of the members of the committee; and
 - (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company has established an Audit & Risk Committee which comprises 3 non-executive directors, the majority of whom are independent directors, and is chaired by an independent director (who is not the chair of the board).

The Audit & Risk Committee's Charter is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/audit-and-risk-committee-charter>

The Committee's members and their relevant qualifications and experience, the number of times the Committee met throughout the reporting period and the attendance of the Committee's members at those meetings is set out on pages 34 to 36 of the 2014 Annual Report. A copy of the 2014 Annual Report is located at:

<http://www.cooperenergy.com.au/investor-information/reports>

Recommendation 4.2 – comply

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company has received a declaration in the form set out in Recommendation 4.2 from its CEO and CFO in relation to the financial statements for the financial periods ended 31 December 2013 and 30 June 2014.

Recommendation 4.3 – comply

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company's external auditor attends each AGM of the Company and is available to answer questions from security holders relevant to the audit.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1 – comply

A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

The Company has a Continuous Disclosure and Market Communications Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its market communications. The Continuous Disclosure and Market Communications Policy is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/continuous-disclosure-and-market-communications-policy>

Principle 6 – Respect the rights of security holders

Recommendation 6.1 – comply

A listed entity should provide information about itself and its governance to investors via its website.

Information about the Company and its operations is located at:

<http://www.cooperenergy.com.au>

Information about the Company's corporate governance (including links to the Company's corporate governance policies and charters) is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance>

Recommendation 6.2 – comply

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company has a Shareholders Communications Policy that outlines the processes followed by the Company to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure. The Shareholders Communications Policy is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/shareholder-communications-policy>

The Company's Continuous Disclosure and Market Communications Policy also outlines policies and requirements for communications with analysts and investors to ensure that the communications are effective and comply with the Company's continuous disclosure obligations.

Recommendation 6.3 – comply

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Shareholders Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of security holders. The Company permits shareholders to vote online (and by other methods) prior to an Annual General Meeting if they are unable to attend the meeting.

Recommendation 6.4 – comply

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company gives security holders the option to receive communications from, and send communications to, the Company and its security registry electronically, as provided for in the Company's Shareholders Communications Policy.

Principle 7 – Recognise and manage risk

Recommendation 7.1 – comply

The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, and disclose:
 - (iii) the charter of the committee;
 - (iv) the members of the committee; and
 - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Company has established an Audit & Risk Committee to oversee risk. Recommendation 4.1 sets out, or provides the location of the information referred to in paragraph (a) in Recommendation 7.1.

Recommendation 7.2 – comply

The board or a committee of the board should:

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

The Company's Risk Management Policy requires the Board to, at least annually, assisted by the Audit & Risk Committee, undertake a structured consideration and review of the risk management framework and the material risks faced by, and the risk attitude of, the Company. The Risk Management Policy is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/risk-management-policy>

In the reporting period, the Board, assisted by the Audit & Risk Committee, undertook a review of the Company's risk management framework.

Recommendation 7.3 – comply

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

As set out in the Company's Risk Management Policy (under the heading "Risk Management Framework"), given the Company's current size and nature of its operations, the Board considers it appropriate to engage external advisors (independent of the external auditor) to perform the internal audit function. These external advisors report to either the Audit & Risk Committee or the Board. The Risk Management Policy is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/risk-management-policy>

The Audit & Risk Committee is responsible for monitoring and reviewing the effectiveness and objectivity of the internal audit function.

Recommendation 7.4 – comply

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company, as a petroleum exploration and production company, faces inherent risks in its activities, including economic, environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term.

One of the Company's core values is care; it prioritises safety, health, the environment and community. The Company views sustainable and responsible business practices as an important long term driver of performance and shareholder value and is committed to transparency, fair dealing, responsible treatment of employees and partners and positive links to the community.

The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which are continually being developed and updated to help manage these risks.

Copies of some of these policies are located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies>

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 – comply

The board of a listed entity should:

- (a) have a remuneration committee which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director,
 and disclose:
 - (iii) the charter of the committee;
 - (iv) the members of the committee; and
 - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have risk committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that remuneration is appropriate and not excessive.

The Company has established a Remuneration & Nomination Committee which comprises 3 non-executive directors, the majority of whom are independent directors and which is chaired by an independent director. Recommendation 2.1 sets out, or provides the location of, the information referred to in paragraph (a)(iii) – (v) in Recommendation 8.1

Recommendation 8.2 – comply

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company's policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives is set out in the Remuneration & Nomination Committee Charter and in the Remuneration Report contained in the 2014 Annual Report. The Remuneration & Nomination Committee Charter is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/remuneration-and-nomination-committee-charter>

A copy of the 2014 Annual Report is located at:

<http://www.cooperenergy.com.au/investor-information/reports>

Recommendation 8.3 – comply

A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

The Company has an equity-based remuneration scheme. The Company's Securities Dealing Policy provides that participants in the scheme must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested scheme entitlement. The Securities Dealing Policy is located at:

<http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/securities-dealing-policy>