COOPER ENERGY LIMITED

and its controlled entities

ABN 93 096 170 295

HALF-YEAR FINANCIAL REPORT

31 December 2020

Appendix 4D
Interim Financial Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	31 December 2020 31 December 2019

Results for announcement to the market

	Percentage Change %	**Amount $'000 Dec 20**	Amount $'000 Dec 19
Revenue from ordinary activities	24%	**48,623**	39,090
Total (loss)/profit for the period attributable to members	(464)%	**(23,058)**	6,334
Net tangible assets per share (inclusive of exploration and development expenditure capitalised)		**19.5 cents**	27.1 cents

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

Review and Results of Operations

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

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Operating and Financial Review
For the half-year ended 31 December 2020

Operations

Cooper Energy Limited (the "Company" or "Cooper Energy") generates revenue from the supply of gas to south-east Australia and from the sale of oil produced in the Cooper Basin. The Company's operations and activities during the six months to 31 December 2020 ("the period" or "FY21 first half") included:

- offshore gas production in the Gippsland Basin, Victoria, from the Sole gas field;
- offshore gas and condensate production in the Otway Basin, Victoria, from the Casino, Henry and Netherby gas fields ("Casino Henry");
- onshore oil production in the western flank of the Cooper Basin, South Australia;
- gas exploration in the offshore Gippsland Basin;
- gas exploration and development in the offshore Otway Basin;
- gas exploration in the onshore Otway Basin; and
- oil exploration and development in the Cooper Basin.

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

Workforce

At 31 December 2020, the Company had 86.7 full time equivalent (FTE) employees and 19.5 FTE contractors. This compares with 64.1 FTE employees and 40.4 FTE contractors at the end of the prior corresponding period. A number of contractors were transferred to employee positions during the period as the Company progressed its growth projects and 12 staff were recruited for the Athena Gas Plant operations.

Health Safety Environment and Community

No lost time injuries (LTIs) were recorded during the period (H1 FY20: 1). A total recordable incident frequency rate (TRIFR) of 4.74 was recorded for the period compared with 2.41 for the prior corresponding period. The increase in TRIFR is attributable to lower overall work hours and a single Restricted Work Case incident (contractor strained hamstring) at the Athena Gas Plant.

There were no reportable environmental incidents during the period.

Sustainability

During the half year, Cooper Energy purchased 11,410 ACCU carbon credits through its partnership with BioDiverse Carbon's Coorong Biodiversity Project. 10,022 of these credits were retired to fully offset the Company's Scope 1, Scope 2 and controllable Scope 3 emissions from FY20, making the company carbon neutral for that period. Formal accreditation of carbon neutral status is in progress with ClimateActive, the Federal Government agency responsible for this activity. Further details are available in the FY20 Sustainability Report, available at www.cooperenergy.com.au.

Production

Total production for the period of 1.2 MMboe was 82% higher than the prior corresponding period, mainly due to increased production from the Sole gas field. Total gas production of 6.9 PJ was consequently 101% higher than the prior corresponding period. Oil and condensate production of 82.1 kbbl was 21% lower than the prior corresponding period, mainly due to natural field decline in the Cooper Basin.

Commercial

The Company's overarching objective is to maximise sustainable growth in total shareholder return. This involves the development and operation of a portfolio of gas assets to supply the south-east Australia domestic gas market.

Fundamental to this strategy is the Company's management of its gas production and 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.

During the period and from 1 January 2021, the Company commenced supply of Sole gas to its utility and industrial customers under long-term gas sales agreements (GSAs). These GSAs total 19.75 PJ of gas supply in calendar year 2021 (54 TJ/day average) and provide annual take-or-pay obligations for minimum supply of 90% of the contracted volumes.

Sole gas is processed at the Orbost Gas Processing Plant (OGPP) which is operated by APA. The start-up and commissioning of the OGPP was delayed and the plant has not yet achieved the production level required for Practical Completion (68 TJ/day) and commencement of the long-term Gas Processing Agreement. In August 2020 Cooper Energy and APA entered into a Transition Agreement to provide the framework for commencing Sole GSAs and achieving Practical Completion of OGPP as early as possible. The Transition Agreement provides for revenue and cost sharing mechanisms during some of the commissioning phase and contributions to Cooper Energy for costs incurred in sourcing alternative gas, if required, to service the Sole GSA commitments.

Operations: Production, development and exploration

Gippsland Basin
The Company's interests in the Gippsland Basin include:

- a 100% interest in and operatorship of production licence VIC/L32, which holds the Sole gas field;
- a 100% interest and operatorship of retention leases VIC/RL13, VIC/RL14 and VIC/RL15, which contain the Manta gas and liquids resource;
- a 100% interest in and operatorship of retention lease VIC/RL16, which contains the shut-in Patricia-Baleen gas field; and
- a 100% interest in and operatorship of exploration permits VIC/P72 and VIC/P75.

Production
Sole
All Gippsland Basin production is currently sourced from the Sole gas field. Production for the period was 4.2 PJ of gas from Sole compared with no production in the prior corresponding period due to commencement of Sole production in H2 FY20.

The performance of OGPP has been impaired by foaming in the sulphur recovery unit's two absorbers and fouling, which has required regular maintenance and cleaning. During the period, APA reconfigured the plant to enable operation of the absorbers independently, in parallel or in series. This has provided greater operational flexibility and the ability to conduct online cleaning of absorbers enabling continual supply of gas to our customers.

Reconfiguration of OGPP's absorbers was undertaken during the period. The plant was consequently offline for 26 days, with production recommencing on 8 December 2020. Works undertaken included, but were not limited to:

- testing of absorber operations in parallel, series and independent modes;
- tuning of new flow control valves and electrical instrumentation; and
- commissioning of long lead items and troubleshooting the reconfiguration start-up.

In addition, cleaning of each absorber commenced on 19 January 2021 and was completed by the end of January 2021.

APA is continuing absorber testing and commissioning, with production rates increasing to 45 TJ/day from February 2021.

Cooper Energy and APA are working collaboratively and diligently to determine the root cause of the foaming and fouling in the absorbers.

Manta gas and liquids resource
The Manta gas field is located in retention licences VIC/RL13, VIC/RL14 and VIC/RL15, 35 kilometres from Sole and 58 kilometres from OGPP. Manta is being considered as a follow-on development to Sole, with its proximity to that field and OGPP enhancing its development potential. Agreements executed by APA and Cooper Energy provide access to the plant for processing of Manta gas.

An appraisal well, Manta-3, is required prior to a development decision on the field. An appraisal well would also present the opportunity to test deeper reservoirs of the Manta Deep prospect. Manta-3 may be included together with the offshore Otway drilling campaign being planned to commence in the second half of calendar 2022, subject to rig availability.

Exploration
A suspension and extension of VIC/P72 was granted in November 2020, with the permit's primary term now expiring in May 2023. VIC/P72 adjoins VIC/RL16, which holds the Patricia-Baleen gas field and associated subsea production infrastructure connected to OGPP. VIC/P72 is close to several Esso-operated oil and gas fields including Remora, Snapper, Sunfish and Sweetlips, and the SGH Energy-operated Longtom gas field. Prospects identified in VIC/P72 are analogues to offset fields.

In VIC/P75, interpretation of the reprocessed 3D seismic data was completed, with depth conversion now underway. VIC/P75 is located in the central area of the Gippsland Basin and is surrounded by major fields including the Marlin, Snapper and Barracouta gas fields to the north, and the Kingfish and Fortescue oil fields to the south and east.

Offshore Otway Basin
The Company's interests in the offshore Otway Basin include:

- a 50% interest in, and operatorship of, the producing Casino Henry Joint Venture (VIC/L24 and VIC/L30). Mitsui E&P Australia and its associated entities ("Mitsui") hold the remaining 50% interest;
- a 50% interest in, and operatorship of, production licences VIC/L33 and VIC/L34 which contain part of the Black Watch gas field. Mitsui holds the remaining 50% interest;
- a 50% interest in, and operatorship of, the VIC/P44 exploration permit which holds the Annie gas discovery. Mitsui holds the remaining 50% interest;

- a 100% interest in the exploration permit VIC/P76;
- a 50% interest in, and operatorship of, the Athena Gas Plant (previously operated as the Minerva Gas Plant). Mitsui holds the remaining 50% interest; and
- a 10% interest in the offshore licence VIC/L22 which holds the shut-in Minerva gas field which ceased production H1 FY20. BHP Petroleum is the Operator and 90% interest holder.

Production
All offshore Otway Basin production is sourced from Casino Henry. The Company's share of production for the period was 2.7 PJ of gas and 1.0 thousand barrels of condensate, compared with 3.4 PJ of gas and 1.6 thousand barrels of condensate in the prior corresponding period. The prior corresponding period also included 0.3 PJ of gas and 0.8 thousand barrels of condensate from the Minerva gas field. The field was shut-in in September 2019.

Development
Development projects in the offshore Otway Basin include:

- establishment of a low-cost gas processing hub using the Athena Gas Plant to process gas from Casino Henry and discoveries in the region; and
- the Otway Phase 3 Development (OP3D) targeting undeveloped gas in the Annie and Henry gas fields.

<u>Athena Gas Plant Project</u>
The Athena Gas Plant Project involves maintenance and upgrade of the Athena Gas Plant and commissioning the plant to process gas and liquids from Casino Henry, and future developments. Benefits of the project include:

- gas processing productivity gains and higher production rates compared with current processing at the Iona Gas Plant due to lower plant inlet pressure;
- lower operating costs and cessation of Iona Gas Plant processing tolls; and
- opportunity to enter firm GSAs with uninterruptable supply.

A Final Investment Decision for the project was taken in July 2020 and site works commenced in October 2020, including inspections, maintenance work and replacement of major equipment items. Key procurement and service contracts have been awarded. The project was more than 40% complete at 31 December 2020 and works are progressing to schedule. Casino Henry gas is expected to be processed in the plant in Q1 FY22.

<u>Otway Phase-3 Development</u>
OP3D involves development of the Annie gas discovery and Henry gas field to produce more than 120 PJ of gas through the Athena Gas Plant. OP3D is currently in the Select phase with a Final Investment Decision expected in H1 FY22.

Planning for development drilling is underway with potential for drilling as part of a broader program targeting commencement from the second half of calendar year 2022.

Exploration
Suspension, extension and variations for VIC/P44 and VIC/P76 were granted in November 2020, with the permits' primary terms now expiring in May 2023 and September 2024, respectively. Work program variations have amended the proposed quantitative seismic study to 3D seismic reprocessing.

Reprocessing of 3D seismic data commenced during the period and is expected to be completed in Q2 FY22. This reprocessing covers VIC/P76, VIC/P44, VIC/L24, VIC/L30, VIC/L33 and VIC/L34.

Studies are progressing in relation to the Pecten East, Juliet and Nestor exploration prospects. Together with Elanora, these prospects have potential for inclusion in the OP3D drilling campaign. All prospects show strong seismic amplitude support for the presence of gas and are close to existing production infrastructure.

Onshore Otway Basin
The Company's interests in the onshore Otway Basin include the following licences in South Australia and permits in Victoria:

- 30% interests in PEL 494, PRL 32, and PELA 680, South Australia. Beach Energy is the Operator and holds the remaining interest in these licences;
- 50% interests in Bridgeport Energy operated PEP 150 and Beach Energy operated PEP 168 in Victoria; and
- a 75% interest in PEP 171 in Victoria which may reduce by up to 25% on fulfilment of farm-in arrangements executed with Vintage Energy.

All onshore Victorian permits remain in suspension until 30 June 2021 in accordance with the current onshore Victorian permit suspension.

Production
No production is sourced from the onshore Otway Basin.

Development
No development activity was undertaken in the onshore Otway Basin during the period.

Exploration
Activity during the period focused on PEL 494, which contains the Dombey gas discovery in the Penola Trough. Planning for 3D seismic acquisition in PEL 494 continued, with seismic acquisition expected to be conducted in Q2 FY22.

Revised work programs for PEP 150, PEP 168 and PEP 171 were submitted to the Victorian Department of Jobs, Precincts and Regions in preparation for lifting of the current onshore Victorian permit suspension on 1 July 2021.

Cooper Basin
The Company's interests in the Cooper Basin include:

- a 25% interest in the oil producing ex-PEL 92 Joint Venture which holds the PRLs 85-104 on the western flank of the Cooper Basin and production licences within this region. Beach Energy is the Operator and holds the balance of interests in the joint venture;
- a 30% interest in the Senex Energy[1] operated oil producing PPL 207 ('Worrior') Joint Venture and PRLs 231, 232, 233 and a 24% interest in PRL 237 on the western flank of the Cooper Basin; and
- 20% and 19.165% interests in the northern Cooper Basin exploration licences PRLs 183 - 190 and PRLs 207 - 209, which are operated by Senex Energy[1].

Production
Oil production of 81.1 kbbl was 20% lower than the prior corresponding period, mainly due to natural field decline. Production from ex-PEL 92 contributed 77.4 kbbl (H1 FY20: 97.0 kbbl) and the Worrior field in PPL 207 contributed 3.7 kbbl (H1 FY20: 4.2 kbbl).

Development
Planning commenced for Callawonga-13, a horizontal oil development well in ex-PEL 92. It is planned to drill an approximate 1,500 metre horizontal well in the McKinlay Formation of the Callawonga field. The objective is to increase oil production and access undeveloped reserves. Drilling is scheduled to commence in Q3 FY21.

Exploration
No exploration activity was undertaken in the Cooper Basin during the period.

[1] Operatorship will change from Senex Energy to Beach Energy subject to closure of the acquisition announced to the ASX on 3 Nov 2020.

Financial Performance

Cooper Energy recorded a statutory loss after tax of $23.1 million for the six months to December 2020 which compares with the profit after tax of $6.3 million recorded in the 2020 first half. The 2021 first half statutory profit included a number of significant items considered to fall outside underlying operating performance which affected the result by a total of $5.7 million. These items comprise:

- other expense being the share of OGPP reconfiguration and commissioning works under the APA Transition Agreement of $11.2 million;
- non-cash restoration income of $2.2 million resulting from a change in the government bond rate used to discount the Patricia Baleen field and Minerva field rehabilitation provision; and
- tax impact of the above items resulting in a net tax benefit of $3.3 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 $9.7 million was 40% lower than the prior comparative period figure of $16.3 million.

An underlying loss after tax of $17.4 million was recorded for the period, which compares to the underlying loss after tax of $2.0 million in the 2020 first half. The factors which contributed to the movement between the periods were:

- higher gas sales revenue of $15.0 million attributed to commencement of production from the Sole gas field;
- lower oil sales revenue of $5.5 million derived from lower volumes and price;
- higher costs of sales of $18.5 million due to costs associated with the Transition Agreement and commencement of production. Production expenses were higher by $12.5 million. Third-party product purchases of $0.4 million were incurred in the 2021 first half. Higher amortisation and depreciation of $6.1 million due to commencement of Sole production and increases to future development costs of undeveloped proved and probable reserves, offset by a reduction from the impairments recognised at 30 June 2020 and lower oil production. Royalties decreased by $0.5 million due to lower oil sales volumes.
- higher net finance costs of $5.8 million due to cessation of interest capitalisation;
- lower exploration and evaluation write off of $2.8 million attributable to unsuccessful wells in the Cooper Basin;
- admin and other items of $4.1 million including foreign currency translation loss and higher depreciation and amortisation;
- higher tax benefit of $0.7 million

Financial Performance		FY21H1	FY20H1	Change	%
Sales volume	MMboe	1.2	0.7	0.5	82%
Sales revenue	$ million	48.6	39.1	9.5	24%
Gross profit	$ million	5.1	14.1	(9.0)	(64%)
Gross profit / Sales revenue	%	10.5	36.1	(25.6)	(71%)
Operating cash flow	$ million	6.7	31.4	(24.7)	(79%)
Cash, other financial assets and investments	$ million	116.3	151.9	(35.6)	(23%)
Reported loss after tax	$ million	(23.1)	6.3	(29.4)	(466%)
Underlying (loss)/profit after tax	$ million	(17.4)	(2.0)	(15.4)	(769%)
Underlying (loss)/profit before tax	$ million	(21.5)	1.0	(22.5)	(2249%)
Underlying EBITDAX*	$ million	9.7	16.3	(6.6)	(40%)

* 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.

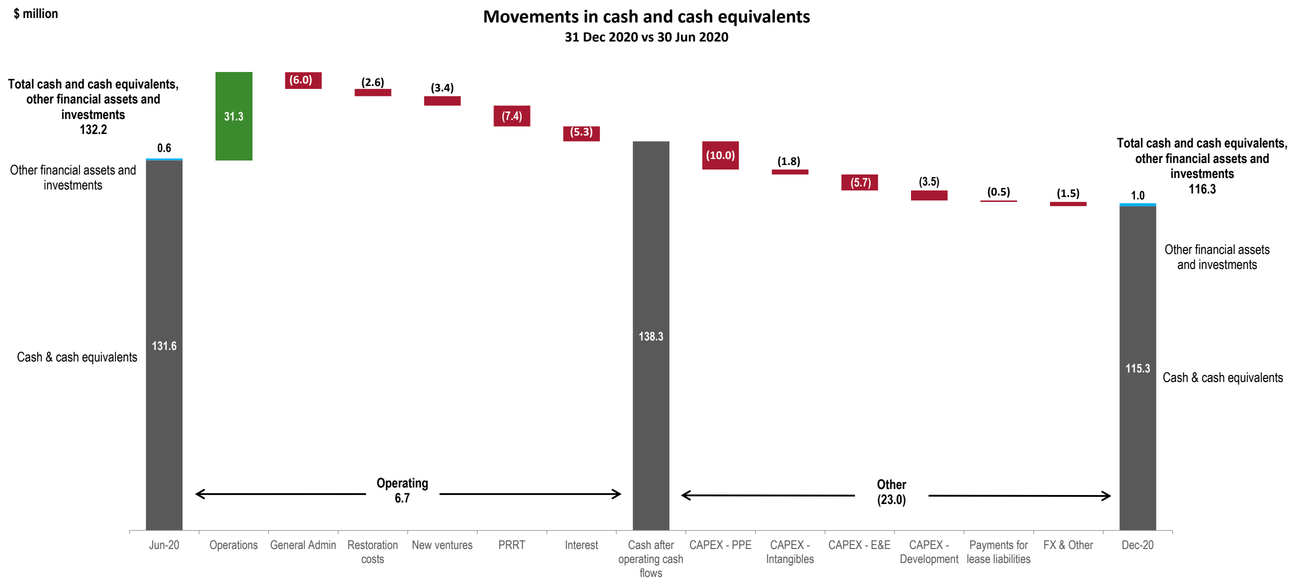
Operating cashflows for the period were $6.7 million comprising:

- cash generated from operations of $31.3 million
- general administration costs of $6.0 million;
- restoration costs of $2.6 million;
- Petroleum Resource Rent Tax (PRRT) payments of $7.4 million; and
- net interest paid of $5.3 million.

Financing, investing and other cash flows for the period were $23.0 million and included:

- exploration, development and property, plant and equipment costs of $21.0 million, mainly in relation to the Athena Gas Plant, Casino Henry OP3D select phase, general exploration and evaluation activity and the implementation of corporate systems,
- repayment of lease liability of $0.5 million.
- foreign exchange revaluation and other of $1.5 million.

Cash and cash equivalents balance decreased by $16.3 million over the period as summarised in the chart below.



Financial Position

Financial Position		FY21H1	FY20	Change	%
Total assets	$ million	1,014.2	1,029.9	(15.7)	(2%)
Total liabilities	$ million	683.6	678.8	4.8	1%
Total equity	$ million	330.6	351.1	(20.5)	(6%)
Net debt	$ million	114.1	97.8	16.3	17%

Total Assets
Total assets decreased by $15.7 million from $1,029.9 million to $1,014.2 million.

At 31 December 2020 the Company held cash and cash equivalents of $115.3 million and investments of $1.0 million.

Exploration and evaluation assets increased by $1.1 million from $159.1 million to $160.2 million as a result of general exploration and evaluation activity offset by re-set of the restoration provisions.

Oil and gas assets decreased by $19.3 million from $616.0 million to $596.7 million mainly as a result of amortisation and the re-set of restoration provision.

Total Liabilities
Total liabilities increased by $4.8 million from $678.8 million to $683.6 million.

Provisions decreased by $9.3 million from $394.6 million to $385.3 million. Restoration provisions decreased $9.9 million from $392.2 million to $382.3, with the decrease being attributable to changes in government bond rates. Employee provisions increased by $0.6 million from $2.4 million to $3.0 million.

Total Equity
Total equity decreased by $20.5 million from $351.1 million to $330.6 million. In comparing equity at 31 December 2020 to 30 June 2020, the key movements were:

- higher contributed equity of $1.8 million due to shares issued on vesting of performance rights and share appreciation rights during the period;
- higher reserves of $0.8 million due to the vesting of equity incentives to employees; and
- higher accumulated losses of $23.1 million due to the statutory loss for the period.

FY21 Full Year Outlook
The Company will continue to pursue its overarching objective of delivering sustainable growth in total shareholder return, which involves the development and operation of a portfolio of gas assets to supply the south-east Australia domestic gas market.

Cooper Energy expects to record substantial growth in production, revenue and cash flow during the six months to 30 June 2021 due to increased production from Sole and the commencement of the long-term Sole GSAs. These GSAs total 19.75 PJ of gas supply in 2021 (54 TJ/day average) and provide annual take-or-pay obligations for minimum supply of 90% of the contracted volumes. Prior to commencement of the GSAs, Sole gas was being sold at spot prices, less transportation costs.

For the full year ending 30 June 2021, Cooper Energy is guiding towards:

- total production of 2.7 to 2.9 MMboe;
- total sales volumes of 2.9 to 3.1 MMboe; and
- total capital expenditure of $45 to $50 million.

Exploration and development activity planned for the six months to 30 June 2021 includes:

- ongoing OGPP commissioning activities and root cause analysis;
- progressing the Athena Gas Plant Project;
- planning for the FID of OP3D;
- reprocessing of 3D seismic data and planning for a possible future offshore Otway and Gippsland basins drilling campaign;
- planning for 3D seismic acquisition in the onshore Otway Basin; and
- drilling a horizontal oil development well in the Callawonga Field in the Cooper Basin.

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 exploration, development, production and sale of hydrocarbons.

At 31 December 2020 the Company had cash, deposits, and equity instruments of $116.3 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 which $229.4 million is available and fully drawn. The facility can be used for general corporate purposes after project completion. Cooper Energy has additional liquidity of approximately $15.0 million through a working capital facility to be used for general business purposes, of which $6.3 million has been utilised in respect of bank guarantees with the remaining balance undrawn. Further information is detailed in Note 10 of the Financial Statements.

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

Risk Management

Cooper Energy 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 performs risk assessments on a regular basis and a summary is reported to the Risk and Sustainability Committee. This Committee oversees an internal audit program undertaken internally and/or in conjunction with appropriate external industry or field specialists.

Policies and procedures are in place to manage these risks.

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

Reconciliation to Underlying profit/(loss)		**FY21H1**	**FY20H1**	**Change**	**%**
Net profit/(loss) after income tax	$ million	(23.1)	6.3	(29.4)	(466%)
Adjusted for:					
Liquidated damages	$ million	-	(9.9)	9.9	100%
Restoration (income)/expense	$ million	(2.2)	(1.4)	(0.8)	(57%)
OGPP reconfiguration and commissioning works	$ million	11.2	-	11.2	100%
Tax impact of underlying adjustments	$ million	(3.4)	3.0	(6.4)	(212%)
Underlying (loss)/profit	$ million	(17.4)	(2.0)	(15.4)	(770%)

Reconciliation to Underlying EBITDAX*		**FY21H1**	**FY20H1**	**Change**	**%**
Underlying (loss)/profit	$ million	(17.4)	(2.0)	(15.4)	(770%)
Add back:					
Tax impact of underlying adjustments	$ million	3.3	(3.0)	6.3	209%
Net finance costs	$ million	7.0	1.2	5.8	483%
Tax expense	$ million	(4.1)	3.0	(7.1)	(237%)
Depreciation	$ million	1.5	1.4	0.1	7%
Amortisation	$ million	19.0	12.5	6.5	52%
Exploration and evaluation expense	$ million	0.4	3.2	(2.8)	(88%)
Underlying EBITDAX*	$ million	9.7	16.3	(6.6)	(40%)

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

Directors' Report
For the half-year ended 31 December 2020

The Directors of Cooper Energy Limited ("the Company" or "Cooper Energy") present their report and the consolidated Financial Report for the half-year ended 31 December 2020. 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 as of the date of this report are:

John C Conde AO (Non-Executive Chairman)
David P Maxwell (Managing Director)
Timothy G Bednall (Non-Executive Director)
Victoria J Binns (Non-Executive Director)
Elizabeth A Donaghey (Non-Executive Director)
Hector M Gordon (Non-Executive Director)
Jeffrey W Schneider (Non-Executive Director)

Alice J Williams ceased to be a Director effective 12 November 2020.

Principal Activities

The Company 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 half-year.

Review and Results of Operations

A review of the operations of the Company can be found in the Operating and Financial Review on page 3.

Significant Events After the Balance Date

Refer to Note 15 of the Notes to the Consolidated Financial Statements.

Auditor's Independence Declaration

Cooper Energy has obtained an independence declaration from the auditors, Ernst & Young, which forms part of this report.

Rounding

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

Signed in accordance with a resolution of the directors

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

15 February 2021

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

As lead auditor for the review of the half-year financial report of Cooper Energy Limited for the half-year ended 31 December 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 review; and

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

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

Ernst & Young

Darryn Hall
Partner
Adelaide
15 February 2021

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2020

	Notes	**31 December 2020 $'000**	31 December 2019 $'000
Revenue from oil and gas sales	4	**48,623**	39,090
Cost of sales	4	**(43,522)**	(24,991)
Gross profit		**5,101**	14,099
Other income	4	**2,247**	11,267
Other expenses	4	**(27,479)**	(14,857)
Finance income	11	**313**	1,150
Finance costs	11	**(7,309)**	(2,304)
(Loss)/Profit before tax		**(27,127)**	9,355
Income tax benefit/(expense)	5	**9,914**	(921)
Petroleum Resource Rent Tax expense	5	**(5,845)**	(2,100)
Total tax benefit/(expense)		**4,069**	(3,021)
(Loss)/Profit after tax		**(23,058)**	6,334
Other comprehensive income/(expenditure)			
Items that will be reclassified subsequently to profit or loss			
Fair value movements on interest rate swaps accounted for in a hedge relationship		-	687
Income tax effect on fair value movement on derivative financial instrument		-	(156)
Items that will not be reclassified subsequently to profit or loss			
Fair value movement on equity instruments at fair value through other comprehensive income		440	(79)
Other comprehensive income for the period net of tax		**440**	452
Total comprehensive (loss)/gain for the period attributable to shareholders		**(22,618)**	6,786
		Cents	Cents
Basic (loss)/earnings per share		**(1.4)**	0.4
Diluted (loss)/earnings per share		**(1.4)**	0.4

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

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	31 December 2020 $'000	30 June 2020 $'000
Assets			
Current Assets			
Cash and cash equivalents		**115,289**	131,583
Trade and other receivables	13	**15,351**	19,996
Prepayments		**8,893**	6,106
Inventory		**906**	822
Total Current Assets		**140,439**	158,507
Non-Current Assets			
Other financial assets	13	**22,029**	21,532
Property, plant and equipment		**25,773**	16,366
Intangible assets		**3,160**	1,878
Right-of-use assets	9	**9,178**	9,738
Exploration and evaluation assets	6	**160,221**	159,078
Oil and gas assets	7	**596,657**	615,980
Deferred tax asset		**56,750**	46,836
Total Non-Current Assets		**873,768**	871,408
Total Assets		**1,014,207**	1,029,915
Liabilities			
Current Liabilities			
Trade and other payables	13	**35,984**	21,183
Provisions	8	**30,136**	19,902
Lease Liabilities	9	**1,114**	1,045
Interest bearing loans and borrowings	10	**51,938**	26,000
Total Current Liabilities		**119,172**	68,130
Non-Current Liabilities			
Provisions	8	**355,202**	374,671
Interest bearing loans and borrowings	10	**177,500**	203,438
Lease liabilities	9	**11,422**	12,004
Other financial liabilities	13	**3,663**	3,642
Deferred Petroleum Resource Rent Tax liability		**16,630**	16,948
Total Non-Current Liabilities		**564,417**	610,703
Total Liabilities		**683,589**	678,833
Net Assets		**330,618**	351,082
Equity			
Contributed equity	12	**477,675**	475,862
Reserves		**11,961**	11,180
Accumulated losses		**(159,018)**	(135,960)
Total Equity		**330,618**	351,082

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

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2020

	Issued Capital $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2020	**475,862**	**11,180**	**(135,960)**	**351,082**
Loss for the period	**-**	**-**	**(23,058)**	**(23,058)**
Other comprehensive income	**-**	**440**	**-**	**440**
Total comprehensive gain for the period	**-**	**440**	**(23,058)**	**(22,618)**
Transactions with owners in their capacity as owners:				
Share based payments	**-**	**2,154**	**-**	**2,154**
Transferred to issued capital	**1,813**	**(1,813)**	**-**	**-**
Balance as at 31 December 2020	**477,675**	**11,961**	**(159,018)**	**330,618**

	Issued Capital $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2019	474,397	9,247	(49,931)	433,713
Profit for the period	-	-	6,334	6,334
Other comprehensive income	-	452	-	452
Total comprehensive gain for the period	-	452	6,334	6,786
Transactions with owners in their capacity as owners:				
Share based payments	-	1,412	-	1,412
Transferred to issued capital	1,465	(1,465)	-	-
Balance as at 31 December 2019	475,862	9,646	(43,597)	441,911

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

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2020

	31 December 2020 $'000	31 December 2019 $'000
Cash Flows from Operating Activities		
Receipts from customers	**53,142**	48,369
Payments to suppliers and employees	**(31,154)**	(21,174)
Payments for restoration	**(2,551)**	(583)
Petroleum Resource Rent Tax (paid)/refund	**(7,420)**	4,112
Interest received	**319**	1,025
Interest paid	**(5,638)**	(317)
Net cash flows from operating activities	**6,698**	31,432
Cash Flows from Investing Activities		
Transfers to escrow proceeds receivable	**(56)**	-
Receipts of consideration receivable	**-**	804
Payments for property, plant and equipment	**(9,972)**	(4,507)
Payments for intangibles	**(1,789)**	-
Payments for exploration and evaluation	**(5,667)**	(28,078)
Payments for oil and gas assets	**(3,548)**	(11,717)
Interest paid	**-**	(6,738)
Net cash flows used in investing activities	**(21,032)**	(50,236)
Cash Flows from Financing Activities		
Repayment of lease liabilities	**(513)**	(446)
Proceeds from borrowings	**-**	5,848
Transaction costs associated with borrowings	**-**	(230)
Net cash flows (used in)/from financing activities	**(513)**	5,172
Net decrease in cash held	**(14,847)**	(13,632)
Net foreign exchange differences	**(1,447)**	(5)
Cash and cash equivalents at 1 July	**131,583**	164,289
Cash and cash equivalents at 31 December	**115,289**	150,652

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

1. Corporate information

The consolidated financial report of Cooper Energy Limited ("Cooper Energy" or "the Group") for the half year ended 31 December 2020 was authorised for issue on 15 February 2021 in accordance with a resolution of the Directors. Cooper Energy Limited is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

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

2. Basis of preparation and accounting policies

This interim financial report for the half-year ended 31 December 2020 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. It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and considered together with any public announcements made by Cooper Energy Limited during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

New standards, interpretations and amendments thereof, adopted by the Group

Accounting standards, amendments and interpretations applicable on 1 July 2020 have had no material impact on the Group's financial statements.

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

Completion of commissioning of the Orbost Gas Processing Plant (OGPP) to process Sole gas by the APA Group remains outstanding and 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 and fouling in the absorber section of the plant has impaired output rates from the OGPP.

APA and Cooper Energy entered into a Transition Agreement (TA) which establishes the commercial framework for addressing issues with performance of the OGPP, commencement of the Sole Gas Sale Agreements (GSAs) over December 2020 and January 2021 and the basis to collaboratively improve plant performance and hence progress towards Practical Completion of the OGPP. The agreement provides for the commencement of the term GSAs, payment of the processing tariff to APA for Sole gas processed for the GSAs and the sharing of revenue, operating and capital costs attributable to spot gas sales until Practical Completion or expiry. Cooper Energy has put in place supplementary supply arrangements to fulfil gas customer supply obligations if required.

Substantial root cause analysis and capital works have been undertaken over a number of months and are ongoing in order to address the production capacity issues as communicated to the market. Whilst gas processing and servicing of the Sole GSAs has commenced, APA is continuing absorber testing and commissioning.

Cooper Energy's development of the Sole gas field was funded through the Company's Reserve Based Lending facility (RBL). The syndicate holds security over the company's 2P Reserves and GSAs. The date for Project Completion of 31 March 2021 as well as the "long-stop" date being 90 days following Practical Completion set out in the RBL, were reset in November 2020. Cooper Energy and the lenders continue to have a productive relationship and negotiate practical resolutions to the technical OGPP issues being addressed above. As at the date of the report, the Group has met and continues to meet all the requirements under the RBL including covenant requirements, which comprise primarily of information requests under the current terms. While the facility does allow for a Review Event under certain circumstances, it also 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. 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.

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

<u>*Impacts on going concern basis and interest-bearing loans and borrowings:*</u>

The Group holds significant cash balances of $115.3 million and has drawn debt of $229.4 million as at the end of the reporting period. All debt covenants have been complied with to the date of this report. Cash flow forecasts for the Group, inclusive of the impact of the TA and under various reasonably likely 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 post Practical Completion. The directors continue to believe that the lenders will continue to negotiate in good faith as the Practical

Completion issues are resolved. Under the reasonably possible scenarios modelled, the Group maintains at all times, the liquidity levels required under the RBL facility.

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.

2. Basis of preparation and accounting policies continued

With ongoing compliance with covenants and all other terms under the current facility arrangements having been met at 31 December 2020 and up to the date of this report, the facilities 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).

Impacts on impairment:
Impairment indicator assessments and where required, formal impairment tests carried out are done so based on management's estimated expected cash flows used in the discounted cash flow model which includes assumptions associated with future production of reserves and sales volumes, commodity prices, foreign exchange rates, development expenditure in order to access the reserves, and operating expenditure of which consideration of the above is included in such assessments. There were no further impairment triggers identified at 31 December 2020, beyond those that were tested at 30 June 2020.

3. 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. 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 producing asset and Athena gas plant. Revenue is derived from the sale of gas and condensate to six 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 2020 Annual Financial Report.

3. Segment reporting continued

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

	Cooper Basin $'000	South-East Australia $'000	Corporate and Other $'000	Consolidated $'000
Half-year ended 31 December 2020				
Revenue from oil and gas sales	**4,949**	**43,674**	**-**	**48,623**
Total revenue	**4,949**	**43,674**	**-**	**48,623**
Segment result before interest, tax, depreciation, amortisation and impairment	**1,417**	**11,753**	**(12,782)**	**388**
Depreciation and amortisation	**(1,360)**	**(17,687)**	**(1,472)**	**(20,519)**
Net finance (costs)/income	**(57)**	**(6,947)**	**8**	**(6,996)**
Profit before tax	**-**	**(12,881)**	**(14,246)**	**(27,127)**
Income tax expense	**-**	**-**	**9,914**	**9,914**
Petroleum Resource Rent Tax expense	**-**	**(5,845)**	**-**	**(5,845)**
Net profit after tax	**-**	**(18,726)**	**(4,332)**	**(23,058)**
Segment assets	**14,447**	**781,039**	**218,721**	**1,014,207**
Segment liabilities	**8,097**	**427,256**	**248,236**	**683,589**

	Cooper Basin $'000	South-East Australia $'000	Corporate and Other $'000	Consolidated $'000
Half-year ended 31 December 2019				
Revenue from oil and gas sales	10,414	28,676	-	39,090
Total revenue	10,414	28,676	-	39,090
Segment result before interest, tax, depreciation, amortisation and impairment	5,782	28,192	(9,586)	24,388
Depreciation and amortisation	(1,907)	(10,955)	(1,017)	(13,879)
Net finance (costs)/income	(39)	(1,947)	832	(1,154)
Profit before tax	3,836	15,290	(9,771)	9,355
Income tax expense	-	-	-	(921)
Petroleum Resource Rent Tax expense	-	(2,100)	-	(2,100)
Net profit after tax	3,836	13,190	(9,771)	6,334
Segment assets	22,551	828,060	210,352	1,060,963
Segment liabilities	9,619	377,594	231,839	619,052

4. Revenues and Expenses

	31 December 2020 $'000	31 December 2019 $'000
Revenue from oil and gas sales		
Revenue from contracts with customers		
Oil revenue from contracts with customers	**5,359**	9,583
Gas revenue from contracts with customers	**43,674**	28,676
Total revenue from contracts with customers	**49,033**	38,259
Other revenue		
Fair value movement on receivables	**(410)**	831
Total other revenue	**(410)**	831
Total revenue from oil and gas sales	**48,623**	39,090
Other income		
Liquidated damages	**6**	9,891
Restoration income	**2,241**	1,376
Total other income	**2,247**	11,267
Cost of sales		
Production expenses	**(23,725)**	(11,208)
Royalties	**(375)**	(921)
Third-party product purchases	**(376)**	-
Amortisation of oil and gas assets	**(19,046)**	(12,508)
Depreciation of property, plant and equipment	**-**	(354)
Total cost of sales	**(43,522)**	(24,991)
Other expenses		
Selling expense	**(539)**	(188)
General administration	**(7,958)**	(8,789)
Depreciation of property, plant and equipment	**(406)**	(318)
Amortisation of intangibles	**(507)**	-
Depreciation of right-of-use assets	**(560)**	(699)
Care and maintenance	**(541)**	(870)
Exploration and evaluation expense	**(400)**	(3,206)
Fair value adjustment of success fee liability	**(12)**	(8)
Realised and unrealised foreign currency translation loss	**(1,464)**	(12)
Other	**(15,092)**	(767)
Total other expenses	**(27,479)**	(14,857)
Employee benefits expense included in general administration		
Director and employee benefits	**(13,162)**	(10,094)
Share based payments	**(2,154)**	(1,412)
Superannuation expense	**(750)**	(548)
Total employee benefits expense (gross)	**(16,066)**	(12,054)

5. Income Tax Expense

The major components of income tax expense are:

	31 December 2020 $'000	31 December 2019 $'000
Consolidated Statement of Comprehensive Income		
Deferred income tax		
Recognition of tax losses	**(19,086)**	6,620
Origination and reversal of temporary differences	**29,000**	(7,541)
Income tax benefit/(expense)	**9,914**	(921)
Current royalty tax		
Current year	**(6,163)**	1,903
	(6,163)	1,903
Deferred royalty tax		
Origination and reversal of temporary differences	**318**	(4,003)
	318	(4,003)
Total royalty tax expense	**(5,845)**	(2,100)
Total tax benefit/(expense)	**4,069**	(3,021)
Numerical reconciliation between tax expense and pre-tax net profit		
Accounting loss/(profit) before income tax	**(27,127)**	9,355
Income tax using the domestic corporation tax rate of 30% (2020: 30%)	**8,138**	(2,807)
(Increase)/decrease in income tax expense due to:		
Non-assessable income/non-deductible (expenditure)	**(449)**	266
Other	**2,320**	1,620
Recognition of royalty related income tax benefits	**(95)**	-
Total income tax benefit/(expense)	**9,914**	(921)
Royalty related tax expense	**(5,845)**	(2,100)
Total tax benefit/(expense)	**4,069**	(3,021)

6. Exploration and evaluation assets

	31 December 2020 $'000
Reconciliation of carrying amounts at beginning and end of period:	
Carrying amount at beginning of period	**159,078**
Additions[1]	**1,543**
Unsuccessful exploration wells written off	**(400)**
Transfer to oil and gas assets	**-**
Carrying amount at end of period	**160,221**

1. Includes impact on restoration assets following changes in future restoration provision assumptions.

During the half-year the Group's exploration assets were assessed for impairment indicators in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*. There were no indicators of impairment identified, therefore no impairment expense was recognised.

7. Oil and Gas assets

	31 December 2020 $'000
Reconciliation of carrying amounts at beginning and end of period:	
Carrying amount at beginning of period	**615,980**
Additions[1]	**(277)**
Transfer from exploration and evaluation	**-**
Amortisation	**(19,046)**
Carrying amount at end of period	**596,657**
Cost	**764,257**
Accumulated amortisation & impairment	**(167,600)**
Total	**596,657**

1. Includes impact on restoration assets following changes in future restoration provision assumptions.

During the half-year the Group's oil and gas assets were assessed for impairment indicators in accordance with AASB 136 *Impairment of Assets*. There were no impairment indicators present, therefore no impairment was recognised on oil and gas assets.

8. Provisions

	31 December 2020 $'000	30 June 2020 $'000
Current Liabilities		
Employee provisions	**2,601**	2,003
Restoration provisions	**27,535**	17,899
	30,136	19,902
Non-Current Liabilities		
Employee provisions	**422**	367
Restoration provisions	**354,780**	374,304
	355,202	374,671

	31 December 2020 $'000
Movement in carrying amount of the current restoration provision:	
Carrying amount at beginning of period	**17,899**
Restoration expenditure incurred	**(4,436)**
Transferred from non-current provisions	**14,072**
Carrying amount at end of period	**27,535**
Movement in carrying amount of the non-current restoration provision:	
Carrying amount at beginning of period	**374,304**
New provisions and changes in restoration assumptions (i)	**(3,601)**
Transferred to current provisions	**(14,072)**
Increase through accretion	**1,662**
Change in discount rate	**(3,513)**
Carrying amount at end of period	**354,780**

(i) Changes in restoration assumptions results from a change in the discount rate and changes in gross cost estimates.

The discount rate used in the calculation of the provisions as at 31 December 2020 ranged from 0.04% to 1.87% (30 June 2020: 0.24% to 1.72%) 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.

9. Leases

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

	31 December 2020 $'000
Reconciliation of carrying amounts at beginning and end of period:	
Carrying amount at beginning of period	**9,738**
Additions	-
Depreciation	**(560)**
Carrying amount at end of period	**9,178**
Cost	**10,858**
Accumulated depreciation	**(1,680)**
Carrying amount at end of period	**9,178**

Lease liabilities

	2020 $'000
Reconciliation of carrying amounts at beginning and end of period:	
Carrying amount at beginning of period	**13,049**
Additions	-
Accretion of interest	**308**
Payments	**(821)**
Carrying amount at end of period	**12,536**
Current	**1,114**
Non-Current	**11,422**

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 entered into 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. The TA has not triggered commencement of the lease, therefore any amounts paid prior to commencement of the lease which serve to reduce the lease liability, are booked as lease prepayments.

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.

10. Interest bearing loans and borrowings

	31 December 2020 $'000	30 June 2020 $'000
Current bank debt	**51,938**	26,000
Non-current (bank debt)	**177,500**	203,438

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 31 December 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 (30 June 2020: $250.0 million)
Utilised amount	$229.4 million (30 June 2020: $218.2 million)
Accounting balance	$229.4 million (30 June 2020: $229.4 million)
Effective interest rate	4.39% floating
Maturity[2]	2021 – 2024

Facility	Working Capital Facility
Currency	Australian Dollars
Limit	$15.0 million (30 June 2020: $15 million)
Utilised amount[3]	$6.3 million (30 June 2020: $1.7 million)
Accounting balance	Nil (30 June 2020: Nil)
Effective interest rate	Nil
Maturity	28 September 2022

[1] As at 31 December 2020, $229.4 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 31 December 2020, no amounts have been drawn down, $6.3 million has been utilised by way of bank guarantees.

11. Net finance costs

	31 December 2020 $'000	31 December 2019 $'000
Finance Income		
Interest income	**313**	1,150
Finance Costs		
Accretion of restoration provision	**(1,662)**	(1,970)
Accretion of success fee liability	**(9)**	(17)
Finance costs associated with lease liabilities	**(308)**	(317)
Interest expense	**(5,330)**	(6,738)
Capitalised interest	**-**	6,738
Total finance costs	**(7,309)**	(2,304)
Net finance (costs)/income	**(6,996)**	(1,154)

12. Contributed equity

	31 December 2020 $'000	30 June 2020 $'000
Ordinary shares		
Issued and fully paid	**477,675**	475,862

	Thousands	$'000
Movement in ordinary shares on issue		
At 1 July 2020	**1,626,647**	**475,862**
Issuance of shares for Performance Rights and Share Appreciation Rights	**4,379**	**1,813**
At 31 December 2020	**1,631,026**	**477,675**

13. Financial Instruments

Fair value hierarchy
All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

Set out below are the carrying amounts and fair values of financial instruments held by the Group:

		Carrying amount		**Fair value**	
Consolidated	**Level**	**31 December 2020 $'000**	30 June 2020 $'000	**31 December 2020 $'000**	30 June 2020 $'000
Financial assets					
Trade and other receivables	**2**	**15,351**	19,996	**15,351**	19,996
Equity instruments	**1**	**1,004**	564	**1,004**	564
Escrow proceeds receivable	**2**	**21,025**	20,968	**21,025**	20,968
Financial liabilities					
Trade and other payables	**2**	**35,984**	21,183	**35,984**	21,183
Success fee financial liability	**3**	**3,663**	3,642	**3,663**	3,642
Interest bearing loans and borrowings	**2**	**229,438**	229,438	**227,284**	230,705

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

Equity instruments
Equity instruments are measured at fair value through other comprehensive income based on an election made at inception on an instrument basis and are initially recognised at fair value plus any directly attributable transaction costs. The classification depends on the purpose for which the investments were acquired. 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.

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 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 2026. The discount rate used in the calculation of the liability as at 31 December 2020 equalled 0.24% (30 June 2020: 0.49%). The financial liability is measured at fair value through profit and loss and valued using a discounted cash flow model. The value is sensitive to changes in discount rate and probability of payment.

14. Commitments and contingencies

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

	31 December 2020 $'000	30 June 2020 $'000
Exploration capital		
Due within 1 year	**2,022**	32,300
Due within 1-5 years	**67,822**	68,944
Due later than 5 years	**-**	-
Total	**69,844**	101,244

There has been no material change to lease commitments and contingencies disclosed in note 26 of the 2020 Annual Financial Report.

15. Subsequent events

There are no significant events subsequent to 31 December 2020 at the date of this report.

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 2020 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 Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board

John Conde

David P. Maxwell

Mr John C Conde AO
Chairman

Mr David P Maxwell
Managing Director

15 February 2021

Ernst & Young
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Independent Auditor's Review Report to the Members of Cooper Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Cooper Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial 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 the Group, 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*.

Ernst & Young

Darryn Hall
Partner
Adelaide
15 February 2021

Corporate Directory

Directors

John C Conde AO, Chairman
David P Maxwell, Managing Director
Timothy G Bednall
Victoria J Binns
Elizabeth A Donaghey
Hector M Gordon
Jeffrey W Schneider

Company Secretary

Amelia Jalleh

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Auditors

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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
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Natixis, Hong Kong Branch
Level 72, International Commerce Centre
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