COOPER ENERGY LIMITED

and its controlled entities

ABN 93 096 170 295

HALF-YEAR FINANCIAL REPORT

31 December 2021

Appendix 4D
Interim Financial Report

Cooper Energy Limited		
ABN 93 096 170 295	Report ending Corresponding period	31 December 2021 31 December 2020

Results for announcement to the market

	Percentage Change %	**Amount $'000 Dec 21**	Amount $'000 Dec 20
Revenue from ordinary activities	96%	**95,385**	**48,623**
Total loss for the period attributable to members	74%	**(5,929)**	**(23,058)**
Net tangible assets per share (inclusive of exploration and development expenditure capitalised)		**19.1 cents**	**19.5 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 2021

Operations

Cooper Energy Limited ("Cooper Energy" or the "Company") generates revenue from the production of gas from the Otway and Gippsland basins, and production of oil from the Cooper Basin. The Company's current operations and interests include:

- offshore gas production in the Gippsland Basin, Victoria, from the Sole gas field;
- offshore gas and gas liquids production in the Otway Basin, Victoria, from the Casino, Henry and Netherby ("Casino Henry") gas fields;
- onshore oil production and exploration prospects in the western flank of the Cooper Basin, South Australia;
- the Athena Gas Plant (previously known as the Minerva Gas Plant) located near Port Campbell in western Victoria;
- the Manta gas and liquids field in the Gippsland Basin;
- the Annie gas discovery in the offshore Otway Basin; and
- exploration and appraisal prospects in the Otway, Gippsland and Cooper Basins.

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

Workforce

At 31 December 2021, the Company had 88.0 full time equivalent ("FTE") employees and 13.6 FTE contractors compared with 88.5 FTE employees and 16.8 FTE contractors at 30 June 2021. Contractor numbers will continue to fluctuate in line with project requirements.

Health Safety, Environment and Sustainability

No Lost Time Injuries ("LTI") were recorded during the FY22 first half. One minor injury was sustained by a contractor in April 2021 which resulted in a Total Recordable Incident Frequency Rate ("TRIFR") of 3.69 at the end of the period, an improvement on the TRIFR at the end of FY21 of 6.92. In line with industry practice, TRIFR statistics are calculated on a trailing 12-month basis.

There were no Tier 1 or Tier 2 process safety incidents and no reportable environmental incidents during the FY22 first half.

4,340 Australian Carbon Credit Units were purchased and retired during the half year to fully offset the Company's FY21 Scope 1 and Scope 2 emissions as well as the directly controllable components of Scope 3 emissions. This offset process is carried out on an annual cycle.

Production

Record oil and gas production of 1.57 MMboe was 31% higher than the FY21 first half, mainly due to increased gas production from Sole.

Total gas production of 9.2 PJ was 39% higher than the prior half. In the Gippsland Basin, increased Sole production resulted in a 87% increase in gas production to 7.3 PJ. In the Otway Basin, natural field decline and processing interruptions as part of the Athena Gas Processing Project contributed to a 27% decline in gas production to 1.9 PJ (net to Cooper Energy).

Oil and condensate production of 66.9 kbbl was 19% lower than the FY21 first half, mainly due to natural field decline.

Commercial

Key commercial activities during the FY22 first half are summarised below.

New gas sales arrangements with AGL

Cooper Energy and AGL Energy Ltd (AGL) have entered a new Gas Sales Agreement (GSA) for all developed and uncontracted volumes from the Casino, Henry and Netherby fields in the Otway Basin, and amendments to the existing Sole GSA, as announced on 13 September 2021. These new arrangements took effect from 1 January 2022 and have reduced the requirement for third-party gas purchases.

Securing third-party gas volumes to support Sole GSAs

To mitigate the risk of gas supply shortfalls and ensure all customer nominations were met, various actions were undertaken, including entering third-party gas purchase agreements and maintaining volumes held in gas pipeline storage.

Cooper Energy undertakes a portfolio approach to purchasing third-party gas when required to ensure the lowest cost and highest margin are achieved.

Exploration, appraisal, development and abandonment

Gippsland Basin

Cooper Energy is the Operator and 100% interest holder for all of its Gippsland Basin interests. As at 31 December 2021, these interests comprised:

a) VIC/L32, which contains the Sole gas field;
b) VIC/RL13, VIC/RL14 and VIC/RL15, which contain the Manta gas and liquids field. These Retention Leases also hold legacy infrastructure associated with the BMG oil project;
c) VIC/RL16, which contains the shut-in Patricia-Baleen gas field and infrastructure which connects to the Orbost Gas Processing Plant (OGPP); and
d) exploration permits VIC/P72 and VIC/P75.

Development: Sole Gas Project and OGPP

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

Commissioning of the OGPP by APA is continuing. The plant's performance has been impaired by foaming and fouling in the sulphur recovery unit's two absorbers, which has constrained processing rates and required regular maintenance and cleaning.

OGPP achieved an average gas processing rate of 39.5 TJ/day across the FY22 first half. An increase to stable rates of 48TJ/day was achieved from 16 December 2021. On 1 January 2022, gas processing rates were increased to 50TJ/day. Improvements in gas processing rates are planned to continue, with APA trialling processing rates above 50 TJ/day.

APA has recently advised of delays in the supply of some equipment required for the OGPP Phase 2B works. The Phase 2B works involve plant modifications which include the installation of sulphur filtration technology designed with the objective of significantly reducing fouling of the absorbers (for which costs are shared equally with APA). The project implementation schedule and cost are being reassessed, taking account of the improved production performance.

The Sole gas field continues to perform in line with expectations.

Exploration

The exploration focus in the Gippsland Basin during the half year period has been on VIC/RLs13/14/15 and VIC/P75.

In VIC/RLs 13, 14 and 15, a review highlighted deep prospectivity below the Gummy gas and oil field located approximately 4 kilometres southeast of Manta. This is in addition to the Manta Deep prospect, which could be drilled by deepening a future Manta-3 appraisal well to approximately 4,500 metres. Interpretation and depth conversion of the reprocessed 3D seismic data in VIC/P75 was completed and a prospect called Spineback was identified during the FY22 half year period.

Studies are underway to determine future options for drilling the Company's Gippsland Basin prospects.

BMG abandonment

The Basker, Manta and Gummy ("BMG") abandonment project involves decommissioning seven wells and associated subsea infrastructure in the BMG fields in the Gippsland Basin. The BMG permits contain the proven Manta gas field and the Manta Deep prospect.

The BMG abandonment project is currently in FEED, with activities focused on selecting optimal methodologies and technologies for safe and cost-effective delivery of the decommissioning objectives. Details of scope of works and cost estimates will be announced at FID, which is expected in the second half of FY22.

The plan is to plug the BMG wells by no later than 31 December 2023 and remove the remaining infrastructure by no later than 31 December 2026.

Otway Basin (Offshore)

The Company's interests in the offshore Otway Basin as at 31 December 2021 comprised:

a) a 50% interest in and Operatorship of production licences VIC/L24 and VIC/L30 containing the Casino Henry gas fields, with the remaining 50% interest held by Mitsui E&P Australia and its associated entities ("Mitsui");
b) a 50% interest in and Operatorship of production licences VIC/L33 and VIC/L34 containing part of the Black Watch and Martha gas fields, with the remaining 50% interest in these production licences held by Mitsui;
c) a 50% interest in and Operatorship of exploration permit VIC/P44 containing the undeveloped Annie gas discovery, with the remaining 50% interest held by Mitsui;
d) a 100% interest in and Operatorship of exploration permit VIC/P76;
e) a 50% interest in and Operatorship of the Athena Gas Plant (onshore Victoria) which is jointly owned with Mitsui and has been recommissioned to process gas from Casino Henry and other Otway Basin discoveries; and

f) a 10% non-operated interest in production licence VIC/L22 which holds the shut-in Minerva gas field, with BHP the Operator and 90% interest holder.

Exploration
Reprocessing of 3D seismic data covering VIC/P76, VIC/P44, VIC/L24, VIC/L30, VIC/L33 and VIC/L34 was completed in the September quarter of 2021. Review and interpretation of the reprocessed data is continuing.

The key offshore Otway prospects, Elanora, Juliet, Nestor and Isabella, all show strong seismic amplitude support for the presence of gas. The prospects are located close to the existing production infrastructure. Testing the gas potential of these exploration prospects will be assessed for inclusion in future drilling campaigns.

Development: Otway Phase 3 Development Project ("OP3D")
The OP3D project involves development of the Annie gas discovery and Henry gas field through the Athena Gas Plant. OP3D is in the Develop phase and preparing to enter detailed FEED in the second half of FY22. The timing for a FID will be made having regard to optimisation for market timing, drilling rig availability, joint venture approvals and funding. In parallel, low-risk exploration targets will be assessed for potential value enhancement of the future development program.

Development: Athena Gas Plant Project
The Athena Gas Plant Project achieved a critical milestone, with first gas from the Casino Henry fields introduced to the plant on 10 December 2021. This followed successful cutover of the pipeline from the Iona Gas Plant to the Athena Gas Plant, which was completed on schedule. First gas sales to customers commenced on 15 December 2021.

Ramp-up of gas processing at Athena Gas Plant occurred through early January and processing rates of 28TJ/day from the Casino Henry fields have been achieved. Work on optimising well deliverability to increase processing rates is ongoing.

The upgrade and recommissioning activities undertaken by Cooper Energy as part of the Athena Gas Plant Project demonstrate the Company's project delivery and gas plant operation capabilities.

<u>Otway Basin (Onshore)</u>
The Company's interests in the onshore Otway Basin as at 31 December 2021 comprised:

a) a 30% interest in PEL 494, PRL 32 and PEL 680 in South Australia, with the remaining interests held by the Operator, Beach;
b) a 50% interest in PEP 168 in Victoria, with the remaining interest held by the Operator, Beach; and
c) a 75% interest in PEP 171 in Victoria, which may reduce to 50% on fulfilment of farm-in arrangements executed with joint venture partner and Operator Vintage Energy Limited.

Exploration
In PEL 494, acquisition of the Dombey 3D seismic survey commenced on 16 December 2021 and is scheduled for completion at the end of February 2022. The area being surveyed is approximately 15 kilometres west of Penola and covers 165 square kilometres. The survey will assist in delineation of the Dombey gas field and adjacent prospects.

In PEP 171, onshore western Victoria, the state moratorium on hydrocarbon exploration was lifted. The Operator, Vintage Energy, is commencing studies and stakeholder engagements to support the acquisition of a future 3D seismic survey.

<u>Cooper Basin</u>
The Company's interests in the Cooper Basin as at 31 December 2021 comprised:

a) a 25% interest in PRLs 85-104 (the "PEL 92 Joint Venture"), with a 75% interest held by the Operator, Beach;
b) a 30% interest in PRLs 231-233 (the "PEL 93 Joint Venture"), with a 70% interest held by the Operator, Beach;
c) a 20% interest in PRL 237, with the remaining interests held by Metgasco Limited and the Operator, Beach;
d) a 19.165% interest in PRLs 207-209 (formerly PEL 100), with the remaining interests held by Santos QNT Pty Limited and the Operator, Beach; and
e) a 20% interest in PRLs 183-190 (formerly PEL 110), with an 80% interest held by the Operator, Beach.

Sale of oil interests to Bass Oil Limited
As announced by Bass Oil Limited (ASX: BAS, "Bass") on 12 July 2021, agreement was reached for Bass to acquire Cooper Energy's interest in the Worrior oil field (PPL 207), and certain other exploration permits for $0.65 million. The transaction includes the Company's 30% interest in PRLs 231-233, the 20% interest in PRLs 183-190 and PRL 237, and 19.165% interest in PRLs 207-209. The transaction is subject to various conditions precedent, including a Bass capital raising and regulatory approvals. Completion of the transaction is expected in Q3 FY22.

The sale of these oil interests demonstrates Cooper Energy's ongoing focus on portfolio optimisation and divesting of assets considered non-core. This focus will continue, and particularly in the context of Cooper Energy's primary focus on commercialising gas resources for south-eastern Australia.

Exploration

In PRLs 85-104 (PEL 92), onshore Cooper Basin, South Australia, reprocessing of existing 3D seismic data was completed. Interpretation of the data has highlighted several new exploration prospects. Drilling of the high graded prospects is currently scheduled for the first half of calendar year 2022.

Financial Performance

Cooper Energy recorded a statutory loss after tax of $5.9 million for the six months to December 2021 which compares with the loss after tax of $23.1 million recorded in the FY21 first half. The FY22 first half statutory loss included a number of significant items considered to fall outside underlying operating performance which affected the result by a total of $0.1 million. These items comprise:

- $6.3 million of other expenses attributable to the share of OGPP reconfiguration and commissioning works under the APA Transition Agreement; and
- non-cash restoration income of $6.4 million resulting from a change in the government bond rate used to discount the Patricia Baleen, BMG and Minerva fields' restoration provisions.

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 after tax, underlying net loss 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 $25.5 million was 163% higher than the prior comparative period figure of $9.7 million.

An underlying loss after tax of $6.0 million was recorded for the period, which compares to the underlying loss after tax of $17.4 million in the 2021 first half. The factors which contributed to the movement between the periods were:

- higher gas sales revenue of $45.1 million attributed to higher production from the Sole gas field;
- higher oil sales revenue of $1.7 million derived from higher prices, offset by lower volumes;
- lower net finance costs including accretion expense of $0.3 million due to lower interest expense on the debt facility as debt repayments have commenced;
- lower exploration and evaluation write off of $0.3 million;
- admin and other items of $2.7 million including foreign currency translation loss, depreciation and amortisation;

Offset by:

- higher costs of sales of $39.2 million due to costs associated with the Transition Agreement and commencement of production. Production expenses were higher by $15.2 million, third-party product purchases were higher by $19.2 million. Higher amortisation and depreciation of $4.5 million due to higher production. Royalties increased by $0.3 million; and
- lower tax benefit of $3.7 million.

Financial Performance		FY22H1	FY21H1	Change	%
Production volume	MMboe	1.6	1.2	0.3	31%
Sales volume	MMboe	2.0	1.2	0.8	67%
Sales revenue	$ million	95.4	48.6	46.8	96%
Gross profit	$ million	12.7	5.1	7.6	149%
Gross profit / Sales revenue	%	13.3	10.5	2.8	27%
Operating cash flow	$ million	28.0	6.7	21.3	318%
Cash, other financial assets and investments^	$ million	93.2	92.5	0.7	1%
Reported loss after tax	$ million	(5.9)	(23.1)	17.2	74%
Underlying loss after tax	$ million	(6.0)	(17.4)	11.4	66%
Underlying loss before tax	$ million	(6.3)	(21.5)	15.2	71%
Underlying EBITDAX*	$ million	25.5	9.7	15.8	163%

^ Compared to 30 June 2021 which is the relevant comparative balance

* 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.

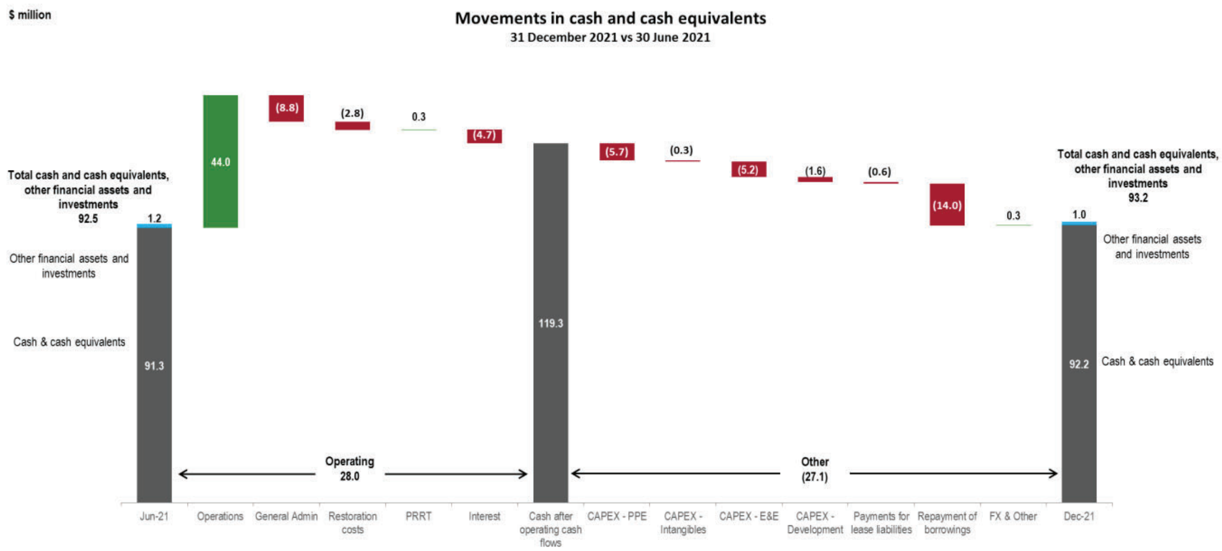
Operating cashflows for the period were $28.0 million comprising:

- cash generated from operations of $44.0 million
- general administration costs of $8.8 million;
- restoration costs of $2.8 million;
- Petroleum Resource Rent Tax (PRRT) receipts of $0.3 million; and
- net interest paid of $4.7 million.

Financing, investing and other cash flows for the period were $27.1 million and included:

- exploration, development and property, plant and equipment costs of $12.8 million, mainly in relation to the Athena Gas Plant, general exploration and evaluation activity and the development of corporate systems;
- repayment of lease liability of $0.6 million;
- repayment of borrowings of $14.0 million; and
- foreign exchange revaluation and other of $0.3 million.

Cash and cash equivalents balance increased by $0.9 million over the period as summarised in the chart below.



Financial Position

Financial Position		FY22H1	FY21	Change	%
Total assets	$ million	947.7	978.5	(30.8)	(3%)
Total liabilities	$ million	626.3	652.7	(26.4)	(4%)
Total equity	$ million	321.3	325.8	(4.5)	(1%)
Net debt	$ million	111.8	126.7	(14.9)	(12%)

Total Assets
Total assets decreased by $30.8 million from $978.5 million to $947.7 million.

At 31 December 2021 the Company held cash and cash equivalents of $92.2 million and investments of $1.0 million.

Exploration and evaluation assets increased by $1.5 million from $159.4 million to $160.9 million as a result of general exploration and evaluation activity offset by reset of the restoration provisions.

Oil and gas assets decreased by $22.6 million from $570.2 million to $547.6 million mainly as a result of amortisation and the re-set of restoration provision.

Total Liabilities
Total liabilities decreased by $26.4 million from $652.7 million to $626.3 million.

Provisions decreased by $9.1 million from $366.6 million to $357.5 million, primarily associated with restoration provision decreases due to increases in government bond rates. Employee provisions increased by $0.3 million from $2.9 million to $3.2 million.

Total Equity
Total equity decreased by $4.5 million from $325.8 million to $321.3 million. In comparing equity at 31 December 2021 to 30 June 2021, the key movements were:

- higher contributed equity of $0.6 million due to shares issued on vesting of performance rights during the period;
- higher reserves of $0.9 million due to the vesting of equity incentives to employees; and
- higher accumulated losses of $5.9 million due to the statutory loss for the period.

Executive leadership changes

On 24 December 2021, the Company announced the appointment of Mr Daniel Young in the role of Chief Financial Officer, effective May 2022.

FY22 Full Year Outlook

Cooper Energy's purpose is to contribute to Australia's energy needs by commercialising gas and oil resources with a focus on South-Eastern Australia domestic gas, and other areas in Australia where the Company can add value. Cooper Energy operate with an emphasis on care, shareholder value and sustainability.

Cooper Energy will deliver this by:
- Establishing a portfolio of low cost, long-term gas and oil production assets
- Growing through a combination of acquisition, development and exploration
- Building future resilience by prioritising ESG and investing in sustainable energy projects
- Leveraging and developing our people, stakeholder relationships and capabilities where we operate
- Balancing risk by sharing opportunities, partnering and achieving good commercial outcomes

The key FY22 activities and deliverables are to:
- Establish stable Sole gas field production and long-term certainty
- Complete Athena Gas Plant Project works and return to service safely by October 2021
- Adjust the bank finance facility and position to fund growth projects
- Progress OP3D and exploration wells to FID
- Optimise BMG abandonment timing
- Embed appropriate management systems and sustainability expertise

The five-year aspiration is to:
- Grow 2P Reserves to 150 MMboe and annual production of 10 MMboe
- Add a third material production asset
- Maintain operational net zero carbon emissions and build a tradable carbon credit portfolio
- Partner in material renewable energy project(s)

Funding and Capital Management

At 31 December 2021, the Company had cash reserves of $92.2 million and drawn debt of $204.0 million. The Company has a reserves-based lending debt facility to fund a portion of the Sole gas field development with a limit of $204.0 million. The facility can be used for general corporate purposes after project completion. The Company has additional liquidity of approximately $15.0 million through a working capital facility to be used for general business purposes, of which $9.7 million has been utilised in respect of bank guarantees. Further information is detailed in the Basis of preparation and accounting policies section on page 16 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 loss		**FY22H1**	**FY21H1**	**Change**	**%**
Net loss after income tax	$ million	(5.9)	(23.1)	17.2	74%
Adjusted for:					
OGPP reconfiguration and commissioning works	$ million	6.3	11.2	(4.9)	(44%)
Restoration income	$ million	(6.4)	(2.2)	(4.2)	(191%)
Tax impact of underlying adjustments	$ million	-	(3.4)	3.4	100%
Underlying loss	$ million	(6.0)	(17.4)	11.4	66%

Reconciliation to Underlying EBITDAX*		**FY22H1**	**FY21H1**	**Change**	**%**
Underlying loss	$ million	(6.0)	(17.4)	11.4	66%
Add back:					
Tax impact of underlying adjustments	$ million	-	3.4	(3.4)	(100%)
Net finance costs	$ million	4.7	5.3	(0.6)	(11%)
Accretion expense	$ million	2.0	1.7	0.3	18%
Tax expense	$ million	(0.3)	(4.1)	3.8	93%
Depreciation	$ million	1.1	1.0	0.1	10%
Amortisation	$ million	24.0	19.6	4.4	22%
Exploration and evaluation expense	$ million	0.1	0.4	(0.3)	(75%)
Underlying EBITDAX*	$ million	25.5	9.7	15.8	163%

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

Directors' Report
For the half-year ended 31 December 2021

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 2021. 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)
Giselle M Collins (Non-Executive Director) (appointed 19 August 2021)
Elizabeth A Donaghey (Non-Executive Director)
Hector M Gordon (Non-Executive Director)
Jeffrey W Schneider (Non-Executive Director)

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

John Conde

Mr John C Conde AO
Chairman

David P. Maxwell

Mr David P Maxwell
Managing Director

21 February 2022

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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 2021, 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;

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

c) no non-audit services provided that contravene 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

Ernst & Young

Darryn Hall

Darryn Hall
Partner
Adelaide
21 February 2022

Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2021

	Notes	31 December 2021 $'000	31 December 2020 $'000
Revenue from oil and gas sales	4	**95,385**	48,623
Cost of sales	4	**(82,715)**	(43,522)
Gross profit		**12,670**	5,101
Other income	4	**6,352**	2,247
Other expenses	4	**(18,566)**	(27,479)
Finance income	12	**228**	313
Finance costs	12	**(6,943)**	(7,309)
Loss before tax		**(6,259)**	(27,127)
Income tax benefit	5	**1,395**	9,914
Petroleum Resource Rent Tax expense	5	**(1,065)**	(5,845)
Total tax benefit		**330**	4,069
Loss after tax		**(5,929)**	(23,058)
Other comprehensive income/(expenditure)			
Items that will not be reclassified subsequently to profit or loss			
Fair value movement on equity instruments at fair value through other comprehensive income		**(203)**	440
Other comprehensive (expenditure)/income for the period net of tax		**(203)**	440
Total comprehensive loss for the period attributable to shareholders		**(6,132)**	(22,618)
		Cents	Cents
Basic loss per share		**(0.4)**	(1.4)
Diluted loss per share		**(0.4)**	(1.4)

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 2021

	Notes	31 December 2021 $'000	30 June 2021 $'000
Assets			
Current Assets			
Cash and cash equivalents		**92,244**	91,308
Trade and other receivables	14	**22,308**	32,105
Prepayments		**6,738**	11,893
Inventory		**905**	950
Total Current Assets		**122,195**	136,256
Non-Current Assets			
Other financial assets	14	**9,704**	10,964
Property, plant and equipment		**38,201**	33,217
Intangible assets		**1,794**	2,059
Right-of-use assets	10	**8,073**	8,625
Exploration and evaluation assets	7	**160,863**	159,443
Oil and gas assets	8	**547,624**	570,178
Deferred tax asset		**57,388**	55,993
Total Non-Current Assets		**823,647**	840,479
Exploration assets classified as held for sale	6	**1,820**	1,807
Total Assets		**947,662**	978,542
Liabilities			
Current Liabilities			
Trade and other payables	14	**31,730**	34,374
Provisions	9	**14,767**	10,453
Lease Liabilities	10	**1,196**	1,141
Interest bearing loans and borrowings	11	**65,000**	60,000
Total Current Liabilities		**112,693**	105,968
Non-Current Liabilities			
Provisions	9	**342,746**	356,093
Lease liabilities	10	**10,253**	10,863
Interest bearing loans and borrowings	11	**139,000**	158,000
Other financial liabilities	14	**3,468**	3,582
Deferred Petroleum Resource Rent Tax liability		**16,988**	17,083
Total Non-Current Liabilities		**512,455**	545,621
Exploration liabilities classified as held for sale	6	**1,170**	1,157
Total Liabilities		**626,318**	652,746
Net Assets		**321,344**	325,796
Equity			
Contributed equity	13	**478,261**	477,675
Reserves		**15,009**	14,118
Accumulated losses		**(171,926)**	(165,997)
Total Equity		**321,344**	325,796

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 2021

	Issued Capital $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2021	**477,675**	**14,118**	**(165,997)**	**325,796**
Loss for the period	**-**	**-**	**(5,929)**	**(5,929)**
Other comprehensive income	**-**	**(203)**	**-**	**(203)**
Total comprehensive gain for the period	**-**	**(203)**	**(5,929)**	**(6,132)**
Transactions with owners in their capacity as owners:				
Share based payments	**-**	**1,680**	**-**	**1,680**
Transferred to issued capital	**586**	**(586)**	**-**	**-**
Balance as at 31 December 2021	**478,261**	**15,009**	**(171,926)**	**321,344**

	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

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 2021

	31 December 2021 $'000	31 December 2020 $'000
Cash Flows from Operating Activities		
Receipts from customers	**102,954**	53,142
Payments to suppliers and employees	**(67,811)**	(31,154)
Payments for restoration	**(2,762)**	(2,551)
Petroleum Resource Rent Tax received/(paid)	**321**	(7,420)
Interest received	**228**	319
Interest paid	**(4,959)**	(5,638)
Net cash flows from operating activities	**27,971**	6,698
Cash Flows from Investing Activities		
Transfers to escrow proceeds receivable	**-**	(56)
Payments for property, plant and equipment	**(5,682)**	(9,972)
Payments for intangibles	**(294)**	(1,789)
Payments for exploration and evaluation	**(5,207)**	(5,667)
Payments for oil and gas assets	**(1,621)**	(3,548)
Net cash flows used in investing activities	**(12,804)**	(21,032)
Cash Flows from Financing Activities		
Repayment of lease liabilities	**(555)**	(513)
Repayment of borrowings	**(14,000)**	-
Net cash flows used in financing activities	**(14,555)**	(513)
Net increase/(decrease) in cash held	**612**	(14,847)
Net foreign exchange differences	**324**	(1,447)
Cash and cash equivalents at 1 July	**91,308**	131,583
Cash and cash equivalents at 31 December	**92,244**	115,289

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 2021 was authorised for issue on 21 February 2022 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 2021 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 2021 and considered together with any public announcements made by Cooper Energy Limited during the half-year ended 31 December 2021 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

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 2021 have had no material impact on the Group's financial statements.

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

The Group holds cash balances of $92.2 million and has drawn debt of $204.0 million as at the end of the reporting period. All debt covenants have been complied with to the date of this report and accordingly, it is the directors' view, having considered the matters set out below, that it is appropriate to prepare the financial statements on a going concern basis.

Completion of commissioning of the Orbost Gas Processing Plant (OGPP) to process Sole gas by the APA Group remains outstanding. Due to foaming and fouling in the absorber section of the plant set out in announcements by Cooper Energy over the last 18 months, the OGPP is yet to meet the contracted performance standards for Plant Practical Completion, which include demonstrated capacity to supply 68 TJ/day of Sole gas into the Eastern Gas Pipeline as set out in the foundational agreements between Cooper Energy and APA Group.

Cooper Energy's development of the Sole gas field was funded through the Company's Reserve Based Lending facility (RBL facility). The syndicate has a general security charge over the Company and includes the Company's 2P Reserves, tangible operating assets, Gas Sales Agreements, and other key project documents. Key elements required to meet Project Completion under the facility include:

- Scheduled Project Completion Date of 30 June 2022 with a "long-stop" date being 90 days following Scheduled Project Completion Date.
- Satisfaction of certain technical performance test criteria by Scheduled Project Completion Date.
- Satisfaction of certain contractual criteria by Scheduled Project Completion Date. This includes commencement of the Gas Processing Agreement, facilitated by APA Group achieving Plant Practical Completion.

The RBL facility, which matures in September 2024, requires Cooper Energy meet financial covenants, information and general undertakings and allows for a Review Event under certain circumstances. As at the date of the report, the Group has met and continues to meet all the requirements under the RBL facility including all covenant requirements. Failure to meet Project Completion by Scheduled Project Completion date is a Review Event under the RBL Facility and a failure to meet Project Completion by the long-stop date is an Event of Default.

As at the date of this report, progress on the key elements noted above and other relevant matters, includes:

- in January and February 2022, the OGPP performance levels met or exceeded the technical performance test criteria;
- long-term processing arrangements with APA Group remain outstanding, however based on ongoing engagement with APA Group, the Board and Management are confident long-term processing arrangements will be finalised within the required timeframe;
- the Board and Management have reason to be confident in the lending syndicate remaining supportive of the Company;
- existing cash reserves and forecast cash flows indicate the Company can fund its existing obligations for at least 12 months from the date of this report;
- the Board and Management have reason for confidence in the Company's ability to meet its commitments under the RBL Facility through to maturity and to refinance should it wish to; and
- the Board and Management have reason for confidence in the Company's ability to raise equity should it be required.

The uncertainties associated with the progress to achieving Project Completion under the RBL Facility have required management to make significant accounting judgements and estimates.

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 Beach Energy (Operations) Pty Ltd.

South-East Australia
The South-East Australia segment primarily consists of the Sole Gas Project, the operated Casino Henry producing gas assets and Athena Gas Plant, the Manta Gas Project and the non-operated depleted Minerva field. 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 2021 Annual Financial Report.

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 2021				
Revenue from oil and gas sales	6,612	88,773	-	95,385
Total revenue	6,612	88,773	-	95,385
Segment result before interest, tax, depreciation, amortisation and impairment	3,357	30,978	(8,812)	25,523
Depreciation and amortisation	(1,187)	(22,386)	(1,494)	(25,067)
Net finance (costs)/income	(67)	(6,593)	(55)	(6,715)
Profit/(loss) before tax	2,103	1,999	(10,361)	(6,259)
Income tax benefit	-	-	1,395	1,395
Petroleum Resource Rent Tax expense	-	(1,065)	-	(1,065)
Net profit/(loss) after tax	2,103	934	(8,966)	(5,929)
Segment assets	17,756	475,416	454,490	947,662
Segment liabilities	6,340	395,833	224,145	626,318

3. Segment reporting continued

	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)
Loss before tax	-	(12,881)	(14,246)	(27,127)
Income tax benefit	-	-	9,914	9,914
Petroleum Resource Rent Tax expense	-	(5,845)	-	(5,845)
Net loss 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

4. Revenues and Expenses

	31 December 2021 $'000	31 December 2020 $'000
Revenue from oil and gas sales		
Revenue from contracts with customers		
Oil revenue from contracts with customers	**7,410**	5,359
Gas revenue from contracts with customers	**88,774**	43,674
Total revenue from contracts with customers	**96,184**	49,033
Other revenue		
Fair value movement on receivables	**(799)**	(410)
Total other revenue	**(799)**	(410)
Total revenue from oil and gas sales	**95,385**	48,623
Other income		
Liquidated damages	**-**	6
Restoration income	**6,352**	2,241
Total other income	**6,352**	2,247
Cost of sales		
Production expenses	**(38,903)**	(23,725)
Royalties	**(670)**	(375)
Third-party product purchases	**(19,569)**	(376)
Amortisation of oil and gas assets	**(23,450)**	(19,046)
Depreciation of property, plant and equipment	**(123)**	-
Total cost of sales	**(82,715)**	(43,522)
Other expenses		
Selling expense	**(289)**	(539)
General administration	**(8,810)**	(7,958)
Depreciation of property, plant and equipment	**(383)**	(406)
Amortisation of intangibles	**(559)**	(507)
Depreciation of right-of-use assets	**(552)**	(560)
Care and maintenance	**(1,569)**	(541)
Exploration and evaluation expense	**(114)**	(400)
Fair value adjustment of success fee liability	**123**	(12)
Realised and unrealised foreign currency translation loss	**321**	(1,464)
OGPP reconfiguration and commissioning works	**(6,250)**	(11,215)
Other	**(484)**	(3,877)
Total other expenses	**(18,566)**	(27,479)
Employee benefits expense included in general administration		
Director and employee benefits	**(11,500)**	(13,162)
Share based payments	**(1,680)**	(2,154)
Superannuation expense	**(1,025)**	(750)
Total employee benefits expense (gross)	**(14,205)**	(16,066)

5. Income Tax Expense

The major components of income tax expense are:

	31 December 2021 $'000	31 December 2020 $'000
Consolidated Statement of Comprehensive Income		
Deferred income tax		
Recognition of tax losses	**(6,095)**	(19,086)
Origination and reversal of temporary differences	**7,490**	29,000
Income tax benefit	**1,395**	9,914
Current Petroleum Resource Rent Tax		
Current year	**(1,160)**	(6,163)
	(1,160)	(6,163)
Deferred Petroleum Resource Rent Tax		
Origination and reversal of temporary differences	**95**	318
	95	318
Total Petroleum Resource Rent Tax expense	**(1,065)**	(5,845)
Total tax benefit	**330**	4,069
Numerical reconciliation between tax expense and pre-tax net profit		
Accounting loss before income tax	**(6,259)**	(27,127)
Income tax using the domestic corporation tax rate of 30% (2020: 30%)	**1,878**	8,138
(Increase)/decrease in income tax expense due to:		
Non-assessable income/non-deductible (expenditure)	**(526)**	(449)
Other	**72**	2,320
Recognition of royalty related income tax benefits	**(29)**	(95)
Total income tax benefit	**1,395**	9,914
Petroleum Resource Rent Tax expense	**(1,065)**	(5,845)
Total tax benefit	**330**	4,069

6. Exploration assets held for sale

A Sale and Purchase Agreement for the sale to Bass Oil of the Company's interests in several of its Cooper Basin exploration and production licenses (PEL 93, PPL 207, PRL 237, PEL 100 and PEL 110) was announced on 12 July 2021 for consideration of $0.7 million. The assets and associated liabilities are classified as held for sale and presented in separate lines in the Consolidated Statement of Financial Position. The assets are included within the Cooper Basin segment, refer to Note 3. The net assets relating to the above licenses have been impaired to their Level 3 fair value less cost to sell.

	31 December 2021 $'000	30 June 2021 $'000
Exploration assets held for sale	**1,820**	1,807
Total assets held for sale	**1,820**	1,807
Restoration Provisions associated with assets held for sale	**(1,170)**	(1,157)
Total restoration provisions held for sale	**(1,170)**	(1,157)
Net assets held for sale	**650**	650

7. Exploration and evaluation assets

	31 December 2021 $'000
Reconciliation of carrying amounts at beginning and end of period:	
Carrying amount at beginning of period	**159,443**
Additions[1]	**1,547**
Exploration and evaluation expense	**(114)**
Exploration expenditure classified as held for sale	**(13)**
Carrying amount at end of period	**160,863**

[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.

8. Oil and Gas assets

	31 December 2021 $'000
Reconciliation of carrying amounts at beginning and end of period:	
Carrying amount at beginning of period	**570,178**
Additions[1]	**896**
Amortisation	**(23,450)**
Carrying amount at end of period	**547,624**
Cost	**760,418**
Accumulated amortisation & impairment	**(212,794)**
Total	**547,624**

[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.

9. Provisions

	31 December 2021 $'000	30 June 2021 $'000
Current Liabilities		
Employee provisions	**2,806**	2,459
Restoration provisions	**11,961**	7,994
	14,767	10,453
Non-Current Liabilities		
Employee provisions	**345**	441
Restoration provisions	**342,401**	355,652
	342,746	356,093

9. Provisions continued

	31 December 2021 $'000
Movement in carrying amount of the current restoration provision:	
Carrying amount at beginning of period	**7,994**
Restoration expenditure incurred	**(1,333)**
Transferred from non-current provisions	**5,300**
Carrying amount at end of period	**11,961**
Movement in carrying amount of the non-current restoration provision:	
Carrying amount at beginning of period	**355,652**
New provisions and changes in restoration assumptions (i)	**863**
Transferred to current provisions	**(5,300)**
Increase through accretion	**1,975**
Change in discount rate	**(10,776)**
Restoration expenditure classified as held for sale	**(13)**
Carrying amount at end of period	**342,401**

(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 2021 ranged from 0.27% to 2.40% (30 June 2021: 0.05% to 2.25%) reflecting a risk-free rate that aligns to the timing of restoration obligations. The increase in the risk-free rate reflects the change in Australian government bond rates since the last assessment.

10. 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 2021 $'000
Reconciliation of carrying amounts at beginning and end of period:	
Carrying amount at beginning of period	**8,625**
Depreciation	**(552)**
Carrying amount at end of period	**8,073**
Cost	**10,858**
Accumulated depreciation	**(2,785)**
Carrying amount at end of period	**8,073**

Lease liabilities

	31 December 2021 $'000
Reconciliation of carrying amounts at beginning and end of period:	
Carrying amount at beginning of period	**12,004**
Accretion of interest	**283**
Payments	**(838)**
Carrying amount at end of period	**11,449**
Current	**1,196**
Non-Current	**10,253**

11. Interest bearing loans and borrowings

	31 December 2021 $'000	30 June 2021 $'000
Current bank debt	**65,000**	60,000
Non-current bank debt	**139,000**	158,000

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 2021. A summary of the Group's secured facilities is included below.

Facility	Reserve Based Lending Facility
Currency	Australian dollars
Limit[1]	$204.0 million (30 June 2021: $218.0 million)
Utilised amount	$204.0 million (30 June 2021: $218.0 million)
Accounting balance	$204.0 million (30 June 2021: $218.0 million)
Effective interest rate	4.33% floating
Maturity[2]	2021 – 2024

Facility	Working Capital Facility
Currency	Australian Dollars
Limit	$15.0 million (30 June 2021: $15 million)
Utilised amount[3]	$9.7 million (30 June 2021: $8.8 million)
Accounting balance	Nil (30 June 2021: Nil)
Effective interest rate	Nil
Maturity	30 September 2024

[1] As at 31 December 2021, $204.0 million of the original facility limit of $250.0 million remains available.
[2] Repayment profile based on the facility repayment schedule, the reserves profile of the Sole Gas Project and the facility maturity date.
[3] As at 31 December 2021, no cash amounts have been drawn, $9.7 million has been utilised by way of bank guarantees.

12. Net finance costs

	31 December 2021 $'000	31 December 2020 $'000
Finance Income		
Interest income	**228**	313
Finance Costs		
Accretion of restoration provision	**(1,975)**	(1,662)
Accretion of success fee liability	**(9)**	(9)
Finance costs associated with lease liabilities	**(283)**	(308)
Interest expense	**(4,676)**	(5,330)
Total finance costs	**(6,943)**	(7,309)
Net finance costs	**(6,715)**	(6,996)

13. Contributed equity

	31 December 2021 $'000	30 June 2021 $'000
Ordinary shares		
Issued and fully paid	**478,261**	477,675

	Thousands	**$'000**
Movement in ordinary shares on issue		
At 1 July 2021	**1,631,026**	**477,675**
Issuance of shares for Performance Rights and Share Appreciation Rights	**1,708**	**586**
At 31 December 2021	**1,632,734**	**478,261**

14. 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 2021 $'000**	30 June 2021 $'000	**31 December 2021 $'000**	30 June 2021 $'000
Financial assets					
Trade and other receivables	**2**	**22,308**	32,105	**22,308**	32,105
Equity instruments	**1**	**1,049**	1,252	**1,049**	1,252
Escrow proceeds receivable	**2**	**8,655**	9,712	**8,655**	9,712
Financial liabilities					
Trade and other payables	**2**	**31,730**	34,374	**31,730**	34,374
Success fee financial liability	**3**	**3,468**	3,582	**3,468**	3,582
Interest bearing loans and borrowings	**2**	**204,000**	218,000	**203,942**	216,802

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

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

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

Escrow proceeds receivable
During the 2018 financial year, the Group completed the sale of OGPP 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. During the period, a portion of these funds were used to pay the Group's share of OGPP reconfiguration and commissioning works.

Success fee financial liability
The success fee liability is the fair value of the Group's liability to pay a $5.0 million success fee upon the commencement of commercial production of hydrocarbons on the Group's VIC/RL 13-15 assets acquired on 7 May 2014. The significant unobservable (level 3) valuation inputs for the success fee financial liability includes: a probability of 33% that no payment is made and a probability of 67% the payment is made in 2024. The discount rate used in the calculation of the liability as at 31 December 2021 equalled 1.09% (30 June 2021: 0.52%). The financial liability is measured at fair value through profit and loss and valued using a discounted cash flow model and the value is sensitive to changes in discount rate and probability of payment. Significant changes in any of the significant unobservable inputs would result in significantly higher or lower fair value measurement.

15. Subsequent events

There are no significant events subsequent to 31 December 2021 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 2021 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

21 February 2022

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Building a better working world

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

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 2021, 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2021 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

Ernst & Young

Darryn Hall
Partner
Adelaide
21 February 2022

Corporate Directory

Directors

John C Conde AO, Chairman
David P Maxwell, Managing Director
Timothy G Bednall
Victoria J Binns
Giselle M Collins (appointed 19 August 2021)
Elizabeth A Donaghey
Hector M Gordon
Jeffrey W Schneider

Company Secretary

Amelia Jalleh

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Johnson Winter & Slattery
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Bankers

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