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Media Release - Monday 8 September 2008

COE080908b

COOPER ENERGY ANNOUNCES TAKEOVER OFFER FOR INCREMENTAL PETROLEUM CREATING A NEW MID-TIER OIL AND GAS PRODUCER

Highlights

- Offer price of \$1.32 per Incremental share - a premium of 35%
- Incremental shareholders can choose between all share and cash and share consideration for their Incremental shares
- Creation of a new ASX listed mid-tier exploration and production oil and gas company
- Diversified oil production with significant international appraisal and exploration portfolio
- Oil production revenue and strong balance sheet to fund organic growth options
- Cooper Energy has acquired a 4.99% interest in Incremental through on-market acquisitions
- Offer supported by significant Incremental institutional shareholder

OFFER DETAILS

Cooper Energy Limited (**Cooper Energy**) (ASX:COE) today announced its intention to make a takeover bid for Incremental Petroleum Limited (**Incremental**) (ASX:IPM) (**Offer**).

Under the Offer, Cooper Energy is offering all Incremental shareholders a choice of:

- 3.1 Cooper Energy shares (**All Share Alternative**); or
- 50 cents cash and 1.9 Cooper Energy shares (**Cash and Share Alternative**)

for each Incremental share they hold.

The All Share Alternative values Incremental at 132 cents per share, or approximately \$104 million, and implies a premium of 35% based on the closing prices of Cooper Energy and Incremental shares on 5 September 2008. Under the terms of the Offer, Incremental shareholders will be entitled to retain the Incremental unfranked interim dividend of 3 cents per share announced on 26 August 2008 and payable on 17 October 2008.

The making of the Offer will be subject to a pre-condition that the implied value of the Offer per Incremental share¹ does not fall below 118 cents per share prior to the date of despatch of the Offer documents to Incremental shareholders.

Commenting on the Offer, Cooper Energy Managing Director Michael Scott said: “Cooper Energy believes this is a very attractive offer for Incremental shareholders and provides a compelling value and strategic proposition. Cooper Energy and Incremental have highly complementary hydrocarbon production and exploration interests that if combined would immediately deliver a new mid-tier oil and gas company with strong production revenue and a diversified and larger asset portfolio, which would position the combined company for growth.”

“Cooper Energy strongly believes this is an opportunity to create increased value for all shareholders, employees and other stakeholders. The Offer is attractive for Incremental shareholders as it provides them with a number of benefits, including:

- a premium of 35%;²
- a choice of consideration;
- a larger, more diversified oil production and asset portfolio;
- enhanced revenues and a stronger financial position; and
- enhanced management and technical teams;

“Cooper Energy has approached Incremental’s directors on several occasions but unfortunately we have not been able to convince those directors to consider entering into discussions to combine the two companies in a timely manner. As Cooper Energy believes this is a value accretive transaction, Cooper Energy has decided to put the Offer directly to Incremental’s shareholders to allow them to decide on its merits.”

“To demonstrate Cooper Energy’s belief in and commitment to the combination, Cooper Energy recently bought a 4.99% stake in Incremental on market.”

¹ Measured in accordance with the formula specified in ASIC Class Order 00/2338.

² Assuming the All Share Alternative and based on closing prices on 5 September 2008.

“Importantly, Cooper Energy’s Offer has already received strong endorsement with a significant institutional shareholder of Incremental agreeing to lodge acceptance instructions for the All Share Alternative when Cooper Energy establishes an institutional acceptance facility for the Offer. Cooper Energy believes this demonstrates the compelling nature of the Offer and the significant benefits it will provide to both Incremental and Cooper Energy shareholders.”

Annexure A attached to this announcement provides information on the offer conditions.

ABOUT COOPER ENERGY

Cooper Energy is an ASX listed upstream oil and gas exploration and oil production company with a market capitalisation of approximately \$107 million as at 5 September 2008. Cooper Energy’s head office is located in Perth, Western Australia. Cooper Energy has an operations office in Jakarta, Indonesia and a representative located in Tunis, Tunisia. Cooper Energy has onshore oil producing assets in Australia and oil and gas exploration assets in Australia, Indonesia and Tunisia. The assets all lie in proven hydrocarbon provinces with access to infrastructure.

INDICATIVE OFFER TIMETABLE

Further information concerning the Offer will be contained in the Cooper Energy Bidder’s Statement. The indicative timetable is:

Event	Timing
Lodgment of Bidder’s Statement	September 2008
Expected Despatch of Bidder’s Statement	October 2008
Earliest date for the Offer to close	November 2008

FURTHER INFORMATION

Cooper Energy is being advised by Euroz Securities Limited (financial adviser) and Minter Ellison (legal adviser).

For further enquiries please contact:

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ANNEXURE A: OFFER CONDITIONS

The Offer will be subject to conditions to the following effect:

- A minimum acceptance condition of 90%.
- None of the events or circumstances referred to in sections 652C(1) and (2) of the Corporations Act happening in relation to Incremental.
- No event occurring which has, or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, financial position, performance, profits, losses or prospects of Incremental.
- Incremental not paying a dividend (other than that announced by Incremental on 26 August 2008) or entering into any transaction outside the ordinary course of business or any transaction that has the potential to be detrimental to the value of Incremental.
- No person becoming entitled to acquire an asset or receive a benefit from Incremental, or terminate an agreement with Incremental, as a result of the Offer.
- No regulatory action being taken against Cooper Energy or Incremental because of or in connection with the Offer.
- The ASX All Ordinaries Index not falling more than 20% below its level at the close of trading on 5 September 2008.
- The closing oil price as determined on the IRESS database using code WTIS not falling below US\$50 per barrel.
- Incremental not entering into any oil hedging arrangements.
- Incremental providing Cooper Energy with any information relating to Incremental that is not generally available, if such information is also made available to a third party prior to the expiry of the Offer for the purpose of facilitating a takeover bid for Incremental or similar transaction.
- Any necessary regulatory approvals required in connection with the Offer are obtained.