



Cooper Energy Limited

ABN 93 096 170 295

Notice of Annual General Meeting 2007

Date and time of meeting

10.00am (WST) on Wednesday, 21 November 2007

Place of meeting

Mosman Bay Room, Hyatt Regency Perth
99 Adelaide Terrace, Perth WA 6000

Notice of Annual General Meeting

Cooper Energy Limited

ABN 93 096 170 295

Notice is hereby given that the 2007 Annual General Meeting of Cooper Energy Limited (the **Company**) will be held at:

Venue: Mosman Bay Room, Hyatt Regency Perth, 99 Adelaide Terrace, Perth WA 6000
Day and Date: Wednesday, 21 November 2007
Time: 10.00 am WST

AGENDA

BUSINESS

The Explanatory Statement which accompanies and forms part of this notice of meeting should be considered prior to members of the Company voting on the various matters to be considered at the meeting.

To receive the Financial Report, Directors' Report and Auditor's Report

To consider and receive the Financial Report together with the Directors' Report and the Auditor's Report for the period ended 30 June 2007.

Resolutions

1. Re-election of Mr Chris Porter as a Director of the Company

To consider and if thought fit to pass the following as an ordinary resolution:

"That upon his retirement by rotation in accordance with the Company's Constitution, Mr Chris Porter be re-elected as a director of the Company."

2. Adoption of the Remuneration Report

To consider and if thought fit to pass the following as an ordinary resolution:

"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the period ended 30 June 2007 be adopted."

Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Approval of issue of Options to Mr Michael Scott

To consider and if thought fit to pass the following as an ordinary resolution:

"That for the purpose of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Directors to issue a total of five million September 2011 Options (and to issue any shares upon exercise of those Options) on or before 21 December 2007 (as determined by the Board) to be vested in three equal tranches over three years commencing in 2009 at an exercise price that is equal to or greater than (as determined by the Board) 150% of the traded volume weighted average price of the Company's shares five days immediately preceding the issue of the Options to Mr Michael Scott (Managing Director of the Company) and otherwise on the terms of the Explanatory Statement which accompanied the notice convening this meeting."

Voting exclusion statement:

In accordance with Listing Rule 10.13.6 and section 224 of the Corporations Act, the Company will disregard any votes cast on Resolution 3 by Mr Michael Scott and any of his Associates.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

4. Approval of issue of Options to Mr Gregory Hancock

To consider and if thought fit to pass the following as an ordinary resolution:

"That for the purpose of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Directors to issue a total of three million September 2011 Options (and to issue any shares upon exercise of those Options) on or before 21 December 2007 (as determined by the Board) to be vested in three equal tranches over three years commencing in 2009 at an exercise price that is equal to or greater than (as determined by the Board) 150% of the traded volume weighted average price of the Company's shares five days immediately preceding the issue of the Options to Mr Gregory Hancock (an Executive Director of the Company) and otherwise on the terms of the Explanatory Statement which accompanied the notice convening this meeting."

Voting exclusion statement:

In accordance with Listing Rule 10.13.6 and section 224 of the Corporations Act, the Company will disregard any votes cast on Resolution 4 by Mr Gregory Hancock and any of his Associates.

However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

By Order of the Board

Ian Gregory
Company Secretary
Cooper Energy Limited
12 October 2007

BACKGROUND INFORMATION

To assist you in deciding how to vote on the above resolutions, further details as background information to the resolutions are set out in the Explanatory Statement forming part of this notice of meeting.

GLOSSARY

Words defined in the Explanatory Statement have the same meaning when used in this notice of meeting unless the context requires otherwise. For assistance in considering the notice of meeting, the following words are defined here:

AGM means annual general meeting.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

ASX means ASX Limited (ACN 008 624 691).

Board means all or some of the Directors acting as the board of Directors of the Company.

Company means Cooper Energy Limited ABN 93 096 170 295.

Corporations Act means the **Corporations Act 2001** (Commonwealth).

Directors means directors of the Company.

Explanatory Statement means the explanatory statement which accompanies this notice of meeting.

Listing Rules means the official listing rules of the ASX.

Option means an option to acquire a Share on the terms set out in the Schedule to the Explanatory Statement.

Share means a fully paid ordinary share in the Company.

Shareholder means a registered holder of a Share in the Company.

WST means Western Standard Time, Perth, Western Australia.

RECOMMENDATION

The Board believes that the above resolutions are in the best interests of the Shareholders and (save where otherwise indicated in the Explanatory Statement) unanimously recommend that Shareholders vote in favour of each of them.

ENTITLEMENT TO ATTEND AND VOTE

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that the shareholding of each person for the purpose of determining entitlements to attend and vote at the meeting will be the entitlement of that person set out in the Company's share register as at 5.00pm (WST) on Monday, 19 November 2007. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

HOW TO VOTE

Voting in person

A shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the meeting to facilitate this registration process.

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate

Representative" must be deposited at or sent by facsimile transmission to the Company's share registry, **Computershare Investor Services Pty Limited, Level 2, Reserve Bank Building, 45 St George's Terrace, Perth, Western Australia, facsimile number +61 (8) 9323 2033** or to the Company's registered office at Suite 4, Level 4, South Shore Centre, 83-85 The Esplanade, South Perth, Western Australia 6151, facsimile number +61 (8) 9368 5844 at least 48 hours prior to the meeting **(10.00am (WST), Monday, 19 November 2007)**, or adjourned meeting as the case may be, at which the individual named in the "Certificate of Appointment of Corporate Representative" proposes to vote. A form of the certificate may be obtained from the Company's share registry or at www.computershare.com.

Voting by proxy

If you do not wish to attend the meeting, you may appoint a proxy to attend and vote on your behalf. A body corporate may also appoint a proxy. A proxy need not be a shareholder. If a representative of a corporate proxy is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" must be deposited at or sent by facsimile transmission to the Company's share registry, **Computershare Investor Services Pty Limited, Level 2, Reserve Bank Building, 45 St George's Terrace, Perth, Western Australia, facsimile number +61 (8) 9323 2033** or to the Company's registered office at Suite 4, Level 4, South Shore Centre, 83-85 The Esplanade, South Perth, Western Australia 6151, facsimile number +61 (8) 9368 5844 at least 48 hours prior to the meeting **(10.00am (WST), Monday, 19 November 2007)**, or adjourned meeting as the case may be, at which the individual named in the "Certificate of Appointment of Corporate Representative" proposes to vote. A form of the certificate may be obtained from the Company's share registry or at www.computershare.com.

You are entitled to appoint up to 2 proxies to attend the meeting and vote on your behalf. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy the enclosed proxy form. To appoint a second proxy, you must follow the instructions on the reverse of the proxy form.

To be valid, your proxy form (and the power of attorney, "Certificate of Appointment of Corporate Representative" or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the Company's share registry, **Computershare Investor Services Pty Limited, Level 2, Reserve Bank Building, 45 St George's Terrace, Perth, Western Australia, facsimile number +61 (8) 9323 2033** or to the Company's registered office at Suite 4, Level 4, South Shore Centre, 83-85 The Esplanade, South Perth, Western Australia 6151, facsimile number +61 (8) 9368 5844 at least 48 hours prior to the meeting **(10.00am (WST), Monday, 19 November 2007)**, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote. Any proxy form received after that time will not be valid for the scheduled meeting.

QUESTIONS FROM SHAREHOLDERS

The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions or make comments on the management and performance of the Company.

Mr Robert Kirkby of Ernst & Young, as the auditor responsible for preparing the auditor's report for the year ended 30 June 2007 (or his representative), will attend the meeting. The Chairman of the meeting will allow a reasonable opportunity for the members as a whole to ask the auditor questions at the meeting about:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

To assist the Board and the auditor of the Company in responding to any questions you may have, please submit any questions you may have by fax or to the address below by no later than 5.00pm (WST) on Tuesday, 13 November 2007.

By mail PO Box 1163, South Perth Western Australia 6951

By fax + 61 (08) 9368 5844

In person Registered Office – Suite 4, Level 4, South Shore Centre, 83-85 The Esplanade, South Perth, Western Australia 6151

As required under section 250PA of the Corporations Act, at the meeting, the Company will make available those questions directed to the auditor received in writing at least 5 business days prior to the meeting, being questions which the auditor considers relevant to the content of the auditor's report or the conduct of the audit of the annual financial report for the year ended 30 June 2007. The Chairman of the meeting will allow a reasonable opportunity for the auditor to respond to the questions set out on this list.

EXPLANATORY STATEMENT

1. RECEIPT OF FINANCIAL STATEMENTS

To receive the Financial Report, Directors' Report and Auditor's Report

Section 317 of the Corporations Act requires the directors of the Company to lay before the AGM the financial report (including the remuneration report), the directors' report and the auditor's report for the last financial year that ended before the AGM.

In accordance with section 250S of the Corporations Act, shareholders will be provided with a reasonable opportunity to ask questions or make statements in relation to the management and performance of the Company and the Annual Report but no formal resolution to adopt the reports will be put to shareholders at the meeting (save for Resolution 2 in relation to the Remuneration Report).

2. RESOLUTION 1

Clause 5 of the Company's Constitution requires that at each annual general meeting of the Company, one third (or the number nearest to but not exceeding one third) of the directors and any director who has held office for three years or more must retire from office. A retiring director is eligible for re-election. Mr Porter, being eligible, has offered himself for re-election.

Re-election of Mr Chris Porter

Mr Chris PORTER BSc (Honours, Geology), MSc, Stanford Executive Program

Mr Porter is a geologist with 45 years experience in the petroleum industry. He has worked internationally with companies including Australian Aquitaine, Phillips Petroleum, WMC and Santos Limited. Mr Porter consulted independently from late 1970 to early 1975, major clients being the Cooper Basin consortium, Woodside and AOG. Mr Porter initiated WMC's oil and gas section in early 1975, resigning as General Manager in late 1988, after having established reserves in the Cooper Basin and production in offshore WA, and offices in Adelaide, Perth and Houston. Mr Porter joined Santos Limited in early 1989 as Manager – Technical Services and left that position in July 2000 to pursue a career in consulting. Mr Porter has lectured at the Australian Mineral Foundation and Adelaide University and is currently Chairman of the Geoscience Advisory Committee at the Australian School of Petroleum, Adelaide University and on the Committee of the South Australian branch of the Petroleum Exploration Society of Australia.

Mr Porter is a member of the Corporate Governance and Remuneration and Nomination Committees. He has been a Director since January 2002.

Directors' Recommendations

The Board, with the exception of Mr Porter, unanimously recommends that you vote in favour of Mr Porter's re-election.

3. RESOLUTION 2

Adoption of Remuneration Report

Section 250R of the Corporations Act requires that a resolution that the Remuneration Report be adopted must be put to the vote at the Company's annual general meeting. The vote on this resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The remuneration report is set out on pages 52 to 58 of the 2007 annual report.

In accordance with section 250SA of the Corporations Act, the Chairman will allow members a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

4. RESOLUTION 3

Issue of Options to Mr Michael Scott

Subject to Shareholder approval, the Company proposes to issue a total of five million Options vesting over three years to Mr Michael Scott.

Shareholder approval for the issue of the Options the subject of Resolution 3 is sought for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.

The Options which are the subject of Resolution 3 are to be issued to the Managing Director, Mr Michael Scott, in recognition of his significant contribution to the Company's success, growth and development and his key role in its future. The grant of the Options is designed to encourage the ongoing commitment of Mr Scott to the continued growth of the Company by encouraging Mr Scott to acquire and retain a significant shareholding in the Company. This ensures that his interests are aligned with those of all shareholders.

The provision of appropriate remuneration and incentive packages to key executive personnel such as Mr Scott is essential to enable the Company to secure and retain senior employees and Directors of the appropriate calibre and experience to assist the Company in achieving its objectives. The Board recognises the necessity to attract and retain the highest calibre of oil and gas professionals to the Company in an increasingly competitive industry environment, but has also considered its duty in maintaining the Company's cash reserves. After taking into consideration all of these factors, the Directors (other than Mr Scott who declines to comment) consider the issue of these Options to Mr Scott to be reasonable in the circumstances. The Options will be vested over the next three years. Mr Scott is a highly experienced international oil and gas executive who has made a substantial contribution to the Company's growth and development to date and whose continued involvement in developing and executing the Company's growth strategy is deemed to be very important to its future.

The Options are priced at a 50% premium to the Company's share price based on the traded volume weighted average price of the Company's shares over the five days immediately prior to their issue. The Board considers that the issue of the Options to Mr Scott constitutes appropriate reward for his considerable and value-adding contribution to the Company to date and has been structured to provide an appropriate incentive for the performance of his duties into the future.

To determine the number of Options to be offered to Mr Scott, the Board gave consideration to the number of options offered to executives performing similar roles in other companies (having regard for the responsibilities of the executives in those companies, the industry of the companies and the size of the companies), the number of options previously approved for the Company's executives by Shareholders (relative to the number of shares on issue) and the number of options held or to be issued to other technical staff in the Company (providing a suitable relative measure for the increased responsibilities of Mr Scott as Managing Director). The Board believes that a sensible and reasonable number of Options have been offered to Mr Scott and this will provide a suitable long term incentive plan for Mr Scott thereby aligning his interests with the growth aspirations of the Company and the return on capital investment desired by Shareholders.

Listing Rule 10.11

If Resolution 3 is passed, Options will be issued to Mr Scott. Mr Scott is a related party of the Company by virtue of the fact that he is a Director of the Company. For this reason, Shareholder approval of the issue is required under Listing Rule 10.11.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Options as approval is being obtained under Listing Rule 10.11. Shareholders should note that the issue of the Options to Mr Scott will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided:

- (a) the maximum number of Options to be issued by the Company to Mr Scott under Resolution 3 is five million Options, to be vested in three tranches as follows:

Tranche 1 – vesting on 1 January 2009	Tranche 2 – vesting on 1 January 2010	Tranche 3 – vesting on 1 January 2011	Total
1,666,666	1,666,667	1,666,667	5,000,000

- (b) the Options will be issued no later than 21 December 2007. It is expected that the Options will be issued on a single day prior to 21 December 2007;
- (c) the Options will be issued for nil consideration and will be held and exercised subject to the terms of the Options set out in the Schedule to this Explanatory Statement. Each Share issued pursuant to the exercise of the Options will rank pari passu with all existing fully paid ordinary shares of the Company; and
- (d) no funds will be raised from the issue of the Options. The funds raised pursuant to any exercise of the Options will be used for the ongoing working capital purposes of the Company.

Chapter 2E of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a 'financial benefit' to a 'related party' unless one of the statutory exceptions applies or Shareholders have in a general meeting approved the giving of that financial benefit.

Mr Scott is a 'related party' of the Company as defined under the Corporations Act because he is a Director of the Company, whilst the issue of the Options constitutes the giving of a 'financial benefit'.

The Board is of the view that the exceptions under the Corporations Act to the provision of financial benefits to related parties may not apply in the current circumstances.

Accordingly, the issue of the Options to Mr Scott also requires Shareholder approval under section 208 of the Corporations Act.

Information Required by sections 217 to 227 of the Corporations Act

In accordance with the requirements of Chapter 2E of the Corporations Act, the following information is provided to allow Shareholders to assess the proposed issue of the Options:

- (a) If Resolution 3 is passed, it will permit the giving of a financial benefit to Mr Scott who, as a director of the Company, is a related party of the Company.
- (b) The nature of the financial benefit is the issue of a total of five million Options to Mr Scott for nil consideration with an exercise price that is 150% of the traded volume weighted average price five days immediately preceding the grant of the Options (which must be on or before 21 December 2007). If the Company's shares are trading at a higher price than the exercise price of the Options at the time the Options are exercised, the effect will be to give a deferred financial benefit to Mr Scott at the time the Options are exercised.
- (c) No funds will be raised from the issue of the Options. However, if all the Options are exercised, the capital raised will be an amount equal to five million multiplied by the exercise price of the Options.
- (d) Mr Scott currently has an interest in the following securities of the Company:

	Shares	Options
Mr Scott direct interest	6,366	Nil
Mr Scott indirect interest	350,000	2,400,000

- (e) The total current emoluments for Mr Scott for a 12 month period are \$479,821.
- (f) As at the date of this notice of meeting the Company's share price was \$0.73. In the 12 months before the date of this Notice, the highest and lowest trading prices of Shares on ASX were:

	Date	Price
Highest	26 July 2007	89 cents
Lowest	16 February 2007	41.5 cents

- (g) If Shareholders approve the issue of the Options to Mr Scott, the effect will be to dilute the shareholding of existing Shareholders. The table below sets out the impact of passing Resolution 3 on the number of Shares and Options on a fully diluted basis:

	Number of shares
Shares on issue at date of this notice	156,751,387
<i>Add Options on issue</i>	
Expiry date 31 December 2007 at 25 cents	3,200,000
Expiry date 1 August 2009 at 25 cents	500,000
Expiry date 1 May 2010 at 40 cents	150,000
Expiry date 31 December 2010 at 55 cents	4,100,000
Expiry date 31 August 2011 at 80 cents	150,000
Expiry date 30 April 2012 at 75 cents	500,000
Expiry date 31 August 2012 at \$1.00	120,000
Options to be issued to Mr Hancock if Resolution 4 is passed	3,000,000
Total potential issued capital	168,471,387
Options to be issued to Mr Scott	5,000,000
New potential issued capital	173,471,387
Potential dilution to issued capital	3%

If all the Options to be issued to Mr Scott are exercised, a further five million Shares will be on issue and an amount of additional share capital equal to five million multiplied by the exercise price of the Options will be raised by the Company.

- (h) The market price of the Company's Shares during the period the Options are unexercised will be one factor in determining whether or not Mr Scott will exercise the Options. The Company's Shares may be trading on the ASX at a price which is higher than the exercise price of the Options. In these circumstances, if Mr Scott then sold the Shares arising from the exercise of the Options, he would realise an immediate profit.
- (i) The value of the Options and the pricing methodology is set out in the Section headed 'Valuation of Options' below.
- (j) The primary purpose for the issue of the Options to Mr Scott is to enable the Company to provide cost effective remuneration to Mr Scott, in recognition of his abilities and efforts in growing the Company to date and to secure his ongoing stewardship of the Company's future growth and development. The issue of the Options is designed to ensure the long-term tenure of Mr Scott and to directly link Mr Scott into the Company's share price appreciation, thereby providing ongoing incentive. Mr Scott is assigned with building and managing a competent oil and gas exploration and production organisation that is expected to increase the value of the Company in accordance with the Company's aggressive growth objectives. Mr Scott is responsible for overseeing the management of the Company with objectives such as defining the strategic direction of the Company, the identification and securing of new projects, integration of those projects into the Company, the technical evaluation of the projects and ultimately, through the drilling of wells, the discovery, development and production of commercial and economic oil and gas fields. Mr Scott is also responsible for the effective risk, capital and administrative management of the Company and must ensure the long-term health of the Company. Given these highly skilled and specialised duties, and bearing in mind the exercise terms of the Options, the Directors (other than Mr Scott who declined to participate in any discussion on these Options) do not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options under the proposed terms.
- (k) Mr Scott declines to make a recommendation to Shareholders in relation to Resolution 3 due to his personal interest in the outcome of the Resolution. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 3, recommend that Shareholders pass Resolution 3.

Terms of Options

The terms of the Options proposed to be issued in accordance with Resolution 3 are set out in the Schedule to this Explanatory Statement.

Each Option will entitle the holder to subscribe for one fully paid ordinary share in the Company.

Valuation of Options

The proposed five million Options to be issued to Mr Scott have been valued for illustrative purposes using a Black Scholes option valuation methodology after applying input from an independent source.

The illustrative exercise price has been set at \$1.20 which is 150% of the volume weighted average price for the five days of 80 cents.

Note that the \$1.20 exercise price above is for illustrative purposes only and the actual price of the Options when issued will be set equal or greater than 150% of the preceding five day volume weighted average price of Company's shares and the exercise price of the Options may therefore be less, equal or greater than \$1.20 depending on the prevailing price of the Company's shares during the five days prior to issue of the Options. This Option price will be set by the independent Directors on or before the 21 December 2007.

As the actual price of the Options may vary from the illustrative exercise price of \$1.20, the value of the September 2011 Options calculated by the Black Scholes model may increase, remain the same or decrease from the example demonstrated herein.

Using the illustrative price of \$1.20, the Black Scholes model calculates a theoretical future value for the Options at 17.43 cents per Option, which results in a theoretical aggregate benefit, over a period of four years, to Mr Scott of \$871,500.

In calculating the Option valuation for illustrative purposes the following inputs were used in the Black Scholes model:

Exercise price	\$1.20
Term	4 years from date of issue
Vesting	one third on 1 January 2009 one third on 1 January 2010 one third on 1 January 2011
Type	European
Grant date	1 December 2007
Volatility	50%
Interest rate	6.25%
Base share price	79 cents (as at 10 September 2007)

Director's Remuneration

The table below sets out details of Mr Scott's current total remuneration package (including the value in the current financial year of Options to be issued to him if Resolution 3 is approved):

Salary	\$436,871
Superannuation benefits	\$13,129
Theoretical value of the Options (Amortised proportion of \$871,500 that falls in current financial year)	\$290,596
Theoretical value of prior options (Amortised proportion of 2005 issued options value that fall in current financial year)	\$29,821
TOTAL	\$770,417

Directors' Recommendations

Mr Scott who has a personal interest in the grant of the Options pursuant to Resolution 3 does not make a recommendation. However, the other Directors recommend that Shareholders vote in favour of Resolution 3. The Board considers the issue of the Options will allow the Company to provide cost effective remuneration to Mr Scott for work done and proposed to be done by him.

5. RESOLUTION 4

Issue of Options to Mr Gregory Hancock

Subject to Shareholder approval, the Company proposes to issue a total of three million Options vesting over three years to Mr Gregory Hancock.

Shareholder approval for the issue of the Options the subject of Resolution 4 is sought for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11.

The Options which are the subject of Resolution 4 are to be issued to the Executive Director, Mr Greg Hancock, to incentivise him for the future, supplement his remuneration package and to recognise his contribution to the Company's success, growth and development.

The grant of the Options is designed to encourage Mr Hancock to maintain an ongoing commitment to the Company, attract new projects, their fundraising, and maintain and further develop the corporate promotion programme of the Company and to further align his interests to those of other Shareholders.

The provision of appropriate remuneration and incentive packages to key executive personnel such as Mr Hancock is essential to enable the Company to secure and retain senior employees and Directors of the appropriate calibre and experience to assist the Company in achieving its objectives. The Board recognises the necessity to attract and

retain the highest calibre of executive professionals to the Company in an increasingly competitive industry environment, but has also considered its duty in maintaining the Company's cash reserves. After taking into consideration all of these factors, the Directors (other than Mr Hancock who declines to comment) consider the issue of these Options to Mr Hancock to be reasonable in the circumstances.

Mr Hancock is highly experienced in fundraising, corporate finance and public and investor relations. Mr Hancock has been in the past and is expected to be in the future instrumental in promoting the company to the public and investment community and assisting the Company to secure any future funding requirements that the Company may deem necessary for new projects.

To determine the number of Options to be offered to Mr Hancock, the Board gave consideration to the number of options offered to executives performing similar roles in other companies (having regard for the responsibilities of the executives in those companies, the industry of the companies and the size of the companies), the number of options previously approved for the Company's executives by Shareholders (relative to the number of shares on issue) and the number of options held or to be issued to other technical staff in the Company (providing a suitable relative measure for the increased responsibilities of Mr Hancock as an executive director). The Board believes that a sensible and reasonable number of Options have been offered to Mr Hancock and this will provide a suitable long term incentive plan for Mr Hancock thereby further aligning his interests with the growth aspirations of the Company and the return on capital investment desired by Shareholders.

Listing Rule 10.11

If Resolution 4 is passed, Options will be issued to Mr Hancock. Mr Hancock is a related party of the Company by virtue of the fact that he is a Director of the Company. For this reason, Shareholder approval of the issue is required under Listing Rule 10.11.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Options as approval is being obtained under Listing Rule 10.11. Shareholders should note that the issue of the Options to Mr Hancock will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided:

- (a) the maximum number of Options to be issued by the Company to Mr Hancock under Resolution 4 is three million Options, to be vested in three tranches as follows:

Tranche 1 – vesting on 1 January 2009	Tranche 2 – vesting on 1 January 2010	Tranche 3 – vesting on 1 January 2011	Total
1,000,000	1,000,000	1,000,000	3,000,000

- (b) the Options will be issued no later than 21 December 2007. It is expected that the Options will be issued on a single day prior to 21 December 2007;
- (c) the Options will be issued for nil consideration and will be held and exercised subject to the terms of the Options set out in the Schedule to this Explanatory Statement. Each Share issued pursuant to the exercise of the Options will rank pari passu with all existing fully paid ordinary shares of the Company; and
- (d) no funds will be raised from the issue of the Options. The funds raised pursuant to any exercise of the Options will be used for the ongoing working capital purposes of the Company.

Chapter 2E of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a 'financial benefit' to a 'related party' unless one of the statutory exceptions applies or Shareholders have in a general meeting approved the giving of that financial benefit.

Mr Hancock is a 'related party' of the Company as defined under the Corporations Act because he is a Director of the Company, whilst the issue of the Options constitutes the giving of a 'financial benefit'.

The Board is of the view that the exceptions under the Corporations Act to the provision of financial benefits to related parties may not apply in the current circumstances.

Accordingly, the issue of the Options to Mr Hancock also requires Shareholder approval under section 208 of the Corporations Act.

Information Required by sections 217 to 227 of the Corporations Act

In accordance with the requirements of Chapter 2E of the Corporations Act, the following information is provided to allow Shareholders to assess the proposed issue of the Options:

- (a) If Resolution 4 is passed, it will permit the giving of a financial benefit to Mr Hancock who, as a director of the Company, is a related party of the Company.
- (b) The nature of the financial benefit is the issue of a total of three million Options to Mr Hancock for nil consideration with an exercise price that is 150% of the traded volume weighted average price five days immediately preceding the grant of the Options (which must be on or before 21 December 2007). If the Company's shares are trading at a higher price than the exercise price of the

Options at the time the Options are exercised, the effect will be to give a deferred financial benefit to Mr Hancock at the time the Options are exercised.

- (c) No funds will be raised from the issue of the Options. However, if all the Options are exercised, the capital raised will be an amount equal to three million multiplied by the exercise price of the Options.
- (d) Mr Hancock currently has an interest in the following securities in the Company:

	Shares	Options
Mr Hancock direct interest	1,500,001	1,500,000
Mr Hancock indirect interest	100,000	500,000

- (e) The total current emoluments for Mr Hancock for a 12 month period are \$194,050.
- (f) As at the date of this notice of meeting the Company's share price was \$0.73. In the 12 months before the date of this Notice, the highest and lowest trading prices of Shares on ASX were:

	Date	Price
Highest	26 July 2007	89 cents
Lowest	16 February 2007	41.5 cents

- (g) If Shareholders approve the issue of the Options to Mr Hancock, the effect will be to dilute the shareholding of existing Shareholders. The table below sets out the impact of passing Resolution 4 on the number of Shares and Options on a fully diluted basis:

	Number of shares
Shares on issue at date of this notice	156,751,387
Add Options on issue	
Expiry date 31 December 2007 at 25 cents	3,200,000
Expiry date 1 August 2009 at 25 cents	500,000
Expiry date 1 May 2010 at 40 cents	150,000
Expiry date 31 December 2010 at 55 cents	4,100,000
Expiry date 31 August 2011 at 80 cents	150,000
Expiry date 30 April 2012 at 75 cents	500,000
Expiry date 31 August 2012 at \$1.00	120,000
Options to be issued to Mr Scott if Resolution 3 is passed	5,000,000
Total potential issued capital	170,471,387
Options to be issued to Mr Hancock	3,000,000
New potential issued capital	173,471,387
Potential dilution to issued capital	1.76%

If all the Options to be issued to Mr Hancock are exercised, a further three million Shares will be on issue and an amount of additional share capital equal to three million multiplied by the exercise price of the Options will be raised by the Company.

- (h) The market price of the Company's Shares during the period the Options are unexercised will be one factor in determining whether or not Mr Hancock will exercise the Options. The Company's Shares may be trading on the ASX at a price which is higher than the exercise price of the Options. In these circumstances, if Mr Hancock then sold the Shares arising from the exercise of the Options, he would realise an immediate profit.
- (i) The value of the Options and the pricing methodology is set out in the Section headed 'Valuation of Options' below.
- (j) The primary purpose for the issue of the Options to Mr Hancock is to enable the company to provide effective remuneration and incentivisation to Mr Hancock. Mr Hancock is responsible for public and investor relations and assisting the Company to secure any future funding requirements that the Company may deem necessary for new projects.
- (k) Mr Hancock declines to make a recommendation to Shareholders in relation to Resolution 4 due to his personal interest in the outcome of the Resolution. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 4, recommend that Shareholders pass Resolution 4.

Terms of Options

The terms of the Options proposed to be issued in accordance with Resolution 4 are set out in the Schedule to this Explanatory Statement.

Each Option will entitle the holder to subscribe for one fully paid ordinary share in the Company.

Valuation of Options

The proposed three million Options to be issued to Mr Hancock have been valued for illustrative purposes using a Black Scholes option valuation methodology after applying input from an independent source.

The illustrative exercise price has been set at \$1.20 which is 150% of the volume weighted average price for the five days of 80 cents.

Note that the \$1.20 exercise price above is for illustrative purposes only and the actual price of the Options when issued will be set equal or greater than 150% of the preceding five day volume weighted average price of the Company's shares and the exercise price of the Options may therefore be less, equal or greater than \$1.20 depending on the prevailing price of Cooper Energy shares during the five days prior to issue of the Options. This Option price will be set by the independent Directors on or before the 21 December 2007.

As the actual price of the Options may vary from the illustrative exercise price of \$1.20, the value of the September 2011 Options calculated by the Black Scholes model may increase, remain the same or decrease from the example demonstrated herein.

Using the illustrative price of \$1.20, the Black Scholes model calculates a theoretical future value for the Options at 17.43 cents per Option, which results in a theoretical aggregate benefit, over a period of four years, to Mr Hancock of \$522,900.

In calculating the Option valuation for illustrative purposes the following inputs were used in the Black Scholes model:

Exercise price	\$1.20
Term	4 years from date of issue
Vesting	one third on 1 January 2009 one third on 1 January 2010 one third on 1 January 2011
Type	European
Grant date	1 December 2007
Volatility	50%
Interest rate	6.25%
Base share price	79 cents (as at 10 September 2007)

Director's Remuneration

The table below sets out details of Mr Hancock's current total remuneration package (including the value in the current financial year of Options to be issued to him if Resolution 4 is approved):

Salary	\$180,921
Superannuation benefits	\$13,129
Theoretical value of the Options	\$174,358
TOTAL	\$368,408

Directors' Recommendations

Mr Hancock who has a personal interest in the grant of the Options pursuant to Resolution 4 does not make a recommendation. However, the other Directors recommend that Shareholders vote in favour of Resolution 4. The Board considers the issue of the Options will allow the Company to provide cost effective remuneration to Mr Hancock for work done and proposed to be done by him.

Schedule – Terms of Options

Option purchase price: A\$0

Exercise price: A price that is equal to or greater than (as determined by the Board) 150% of the traded volume weighted average price of the Company's shares five days immediately preceding the grant of the Options (which is to be on or before 21 December 2007).

Expiry date: 1 September 2011

Tranche 1:
Vesting date: 1 January 2009

Tranche 2:
Vesting date: 1 January 2010

Tranche 3:
Vesting date: 1 January 2011

Terms and conditions: (i) The options will be voted on by shareholders at the 2007 AGM.

(ii) The Executive must be in the employment of the Company for the options to vest. This condition may be waived by the Board of Directors of the Company and this waiver will not be unreasonably withheld.

(iii) The options vest immediately in the event of a change in control of the company as defined by Section 50AA of the Corporations Act.

(iv) The unvested options vest immediately to the Executive if his contract of employment with the Company is terminated by the Board other than for those reasons that could constitute termination without notice pursuant to his Service Agreement with the Company.

Instructions on how to complete this proxy form