

Cooper warns target's board

Paul Garvey

An embittered Cooper Energy has signalled its intent to use its stake in takeover target Incremental Petroleum to change the board, accusing Incremental of stalling in the final days of Cooper's offer.

Last week Canadian-listed TransAtlantic Petroleum Corp launched a \$1.05-a-share offer for Incremental, conditional on achieving acceptances of at least 75 per cent.

Incremental is yet to make a recommendation on the new offer, and has asked KPMG to review its independent expert's report in light of the TransAtlantic offer.

TransAtlantic — controlled by Texas oil man N. Malone Mitchell — emerged on Friday as a substantial Incremental shareholder, having forked out \$6.3 million for 8 per cent at an average 99¢ a share.

Cooper's bid, which has attracted acceptances representing 23.6 per cent of Incremental, closes on Friday.

Cooper's board has slammed Incremental's handling of TransAtlantic's offer, accusing it of frustrating Cooper's bid by not making a recommendation. Cooper chairman Laurie Shervington said the Incremental board's behaviour fell short of the standards expected in today's corporate climate.



Energy plays . . . Cooper queries the Incremental board's behaviour. Photo: BLOOMBERG

"At the conclusion of Cooper's offer . . . whatever the final outcome, Cooper will seek to ensure Incremental is managed in the interests of all shareholders," Mr Shervington said.

"The future of Incremental will now be very different to the past."

Incremental managing director Gerry McGann indicated his opposition to Cooper's cash and scrip bid, which valued Incremental at \$1.34 a share on the day the offer was launched.

Incremental is expected to make its stance on TransAtlantic's bid known only when the updated KPMG report arrives on Wednesday — 10 days after the offer was launched.

Incremental chairman Chris Cronin defended the handling of the bids, saying the recent turbulence in markets generally and the oil industry specifically made it appropriate for KPMG to revisit its report.

"We've advised the market we will get that out as soon as possible," he said.

KEY POINTS

- Cooper Energy's bid for Incremental Petroleum closes on Friday.
- It has achieved acceptances representing 23.6 per cent.
- A competing bid was launched last week by TransAtlantic Petroleum.

"But no one's going to rush it just to satisfy the histrionics of Cooper."

The original KPMG report gave Incremental a lofty valuation of \$3.39 to \$4.18 a share.

Cooper managing director Mike Scott questioned the validity of TransAtlantic's bid, pointing out that 75 per cent acceptances were almost impossible given Cooper's stake. TransAtlantic has reserved its right to review that condition.

"It almost looks as if it was designed to fail," Mr Scott said.

"Post the seventh of November, the world for Incremental shareholders is very uncertain. They could be cast adrift."

Cooper is offering 50¢ plus two of its shares, or 3.1 shares, for each Incremental share. Based on Cooper's closing price on Friday of 29¢, that values Incremental at \$1.08 and 87¢ a share. Incremental closed up 2.5¢ at \$1.06 on Friday.