Cooper Energy

Takeover Offer for Incremental Petroleum

Offer closing 7 November...**ACCEPT NOW**

29 October 2008

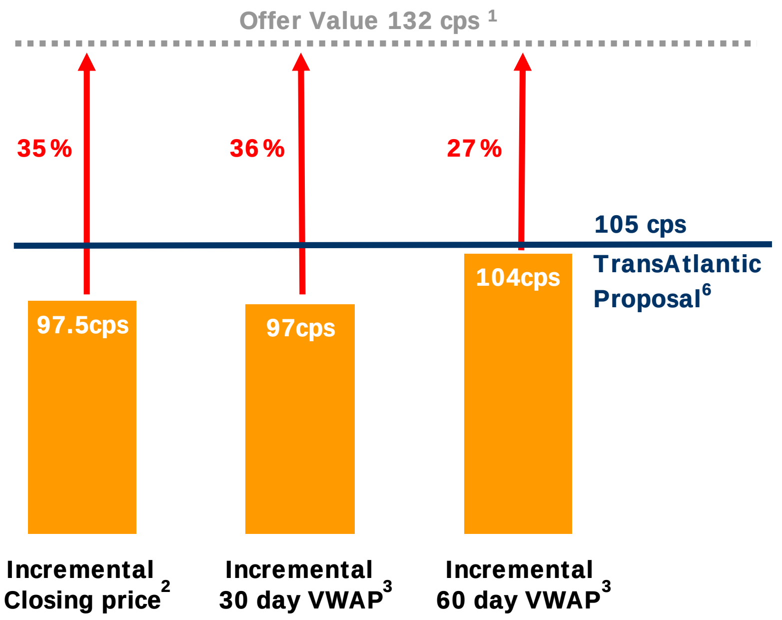
The ONLY Offer
Open for Acceptance

The ONLY Offer open for acceptance

*Cooper's Offer is **unconditional, price is final,** and the Offer will expire **Friday 7 November 2008***

- Cooper's Offer is certain, unconditional and open for immediate acceptance:
  - 50 cents CASH plus 1.9 Cooper Shares; or
  - 3.1 Cooper Shares for one Incremental Share
- Consideration to be paid within 14 days of acceptance
- Remain invested, retaining exposure to future growth of Merged Group
- The premium is significant
  - The Independent Expert stated that the premia implied by the Offer price"....fall within the range of premia typically paid in acquisitions within the Australian market"
- Offer will expire Friday 7 November 2008
- Cooper has a 23% interest in Incremental, following acceptances from a number of Incremental shareholders

Pre Bid Announcement Premia[1]



Notes:

[1] Implied value of the Offer will vary, depending on the price of Cooper Shares. Implied value based on the All Share Alternative and the closing price of Cooper shares on 5 September 2008 of 42.5 cents per share.

[2] Closing price of Incremental shares on 5 September 2008, being 97.5 cents per share.

[3] The volume-weighted average price of Incremental shares for 30 and 60 days up to and including September 2008.

[4] Full details of the Offer and relevant conditions are provided in the Bidder's Statement.

[5] Based on daily volume-weighted average price (VWAP) of Cooper Shares

[6] Transatlantic announced highly conditional proposal on 27 October 2008

TransAtlantic's proposal in context

*TransAtlantic's proposal is **highly conditional** and **may not even proceed***

	Cooper's Offer	TransAtlantic's Inferior Proposal
Open for Acceptance ?	✓	X
Cash Alternative ?	**50 cents cash plus 1.9 Cooper Shares for one Incremental Share**	105 cents cash for one Incremental Share, assuming conditions satisfied
All Scrip Alternative ?	**3.1 Cooper Shares for one Incremental Share**	X
Receive Merged Group shares ?	**Yes, share in benefits of Merged Group**	No shares and no sharing in upside of Merged Group
Conditions ?	**Unconditional**	Include 75% acceptance, FIRB, oil price decline and no material changes
Payment timing ?	**14 days from acceptance**	Unknown – unlikely to be before February 2009, assuming conditions satisfied
Remain invested in Merged Group ?	✓	X
Premium[1] ?	✓	X
Current interest in Incremental ?	**23%**	Nil

Notes: [1] Based on closing prices of Incremental and Cooper on 5 September 2008.

Target's Statement claims in context

Attractive and only Offer

- Whilst Incremental may be undervalued by the market, Cooper is too
- Incremental shareholders are receiving a premium, whilst also sharing in the benefits of the Merged Group and future potential
- Since announcement of Offer ASX All Ordinaries has plunged by over 20% and oil price fallen around 40%

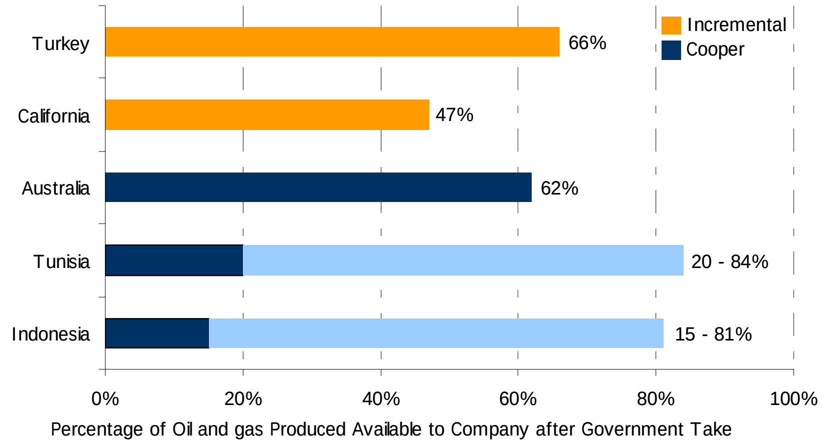
Opportunity to diversify risks whilst remaining invested

- The Merged Group will diversify risk – Incremental shareholders gain exposure to Australian oil production and reserves across seven producing fields
- Selmo's reserve life may be cut by more than half if the licence is not renewed in 2015
- Relative to Australia, Turkey is subject to significantly higher sovereign, country, political, economic and currency risks
- Declining production requires future drilling success – Incremental has failed to arrest decline in the past

Funding to fast track growth

- Pro forma Merged Group net cash of between $32 million and $74 million (depending on the take up of Cash and Share Alternative relative to the All Share Alternative)
- No need for Incremental to rely on commercial debt or new equity raising in the future

Broadly comparable fiscal regimes



Contrary to Incremental's assertion the relative attractiveness of the fiscal regimes associated with Incremental and Cooper's assets are broadly comparable

Why ACCEPT now?

Do you want to remain exposed to a thinly traded, undercapitalised small cap company that has traditionally focused on unfranked dividends at the expense of developing assets to their full potential?

… partnering with Cooper will help realise the potential

1. Offer is unconditional, final & closing	• Cooper's Offer is **unconditional** • Price is **Final** • Offer closes **Friday, 7 November** • Accelerated payment terms – within 14 days of acceptance
2. Attractive & Certain Offer	• Since announcement of Offer the equities market has plunged ~20% and oil price has fallen ~40% • Allows you to retain exposure to Merged Group • Option of cashing out part of investment whilst remaining invested
3. Alternative proposal unlikely to succeed	• Cooper's Offer is the **only** offer available for acceptance • TransAtlantic's proposal is **highly conditional** • Payment of consideration by Transatlantic unlikely to be before February 2009 • No sharing of future growth under TransAtlantic's inferior proposal
4. When Cooper's Offer expires	• Incremental share price likely to fall when offer falls away • You will remain invested in an illiquid stock • Incremental will remain undercapitalised and unable to develop its assets to their full potential • Single producing asset risk remains • Cooper will remain a shareholder with at least 23%

Invest in Australia's New Mid-Tier E&P Company

Invest in Australia's New Mid-Tier E&P Company

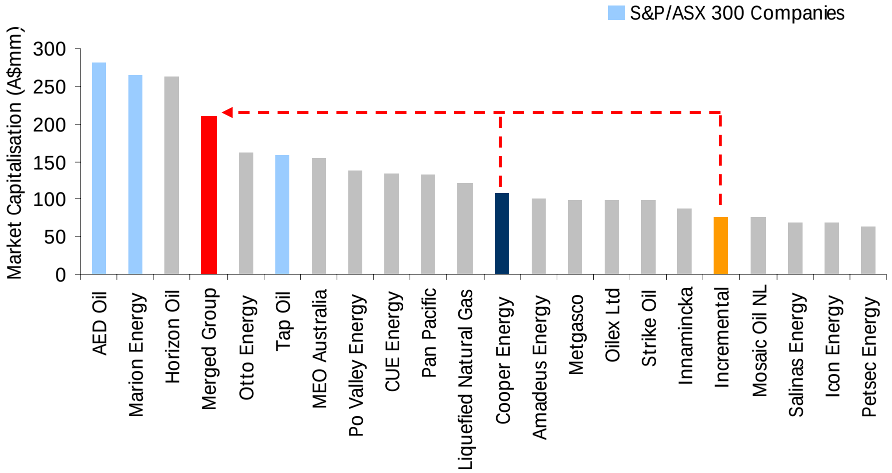
- Through Cooper's Offer, Incremental shareholders have an opportunity to
  - remain invested and participate in the significant benefits of the Merged Group
  - benefit from a larger company with larger liquidity
  - monetise 50 cents cash, whilst still receiving 1.9 Cooper shares for each Incremental Share

- Merged Group will be well placed to
  - weather the financial market storms
  - use cash to fast track exploration and development growth options across portfolio
  - participate in any future value-adding consolidation opportunities

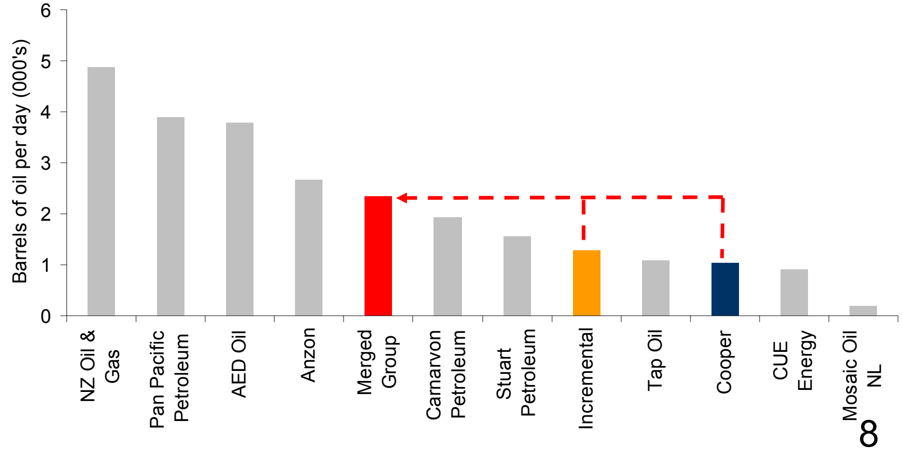
- Incremental shareholders representing 18% of Incremental's total shares recognise this and have voted by accepting into the Offer

A New E&P Company

Peer market capitalisation[1] (A$mm)



Peer Oil Production Levels[2]

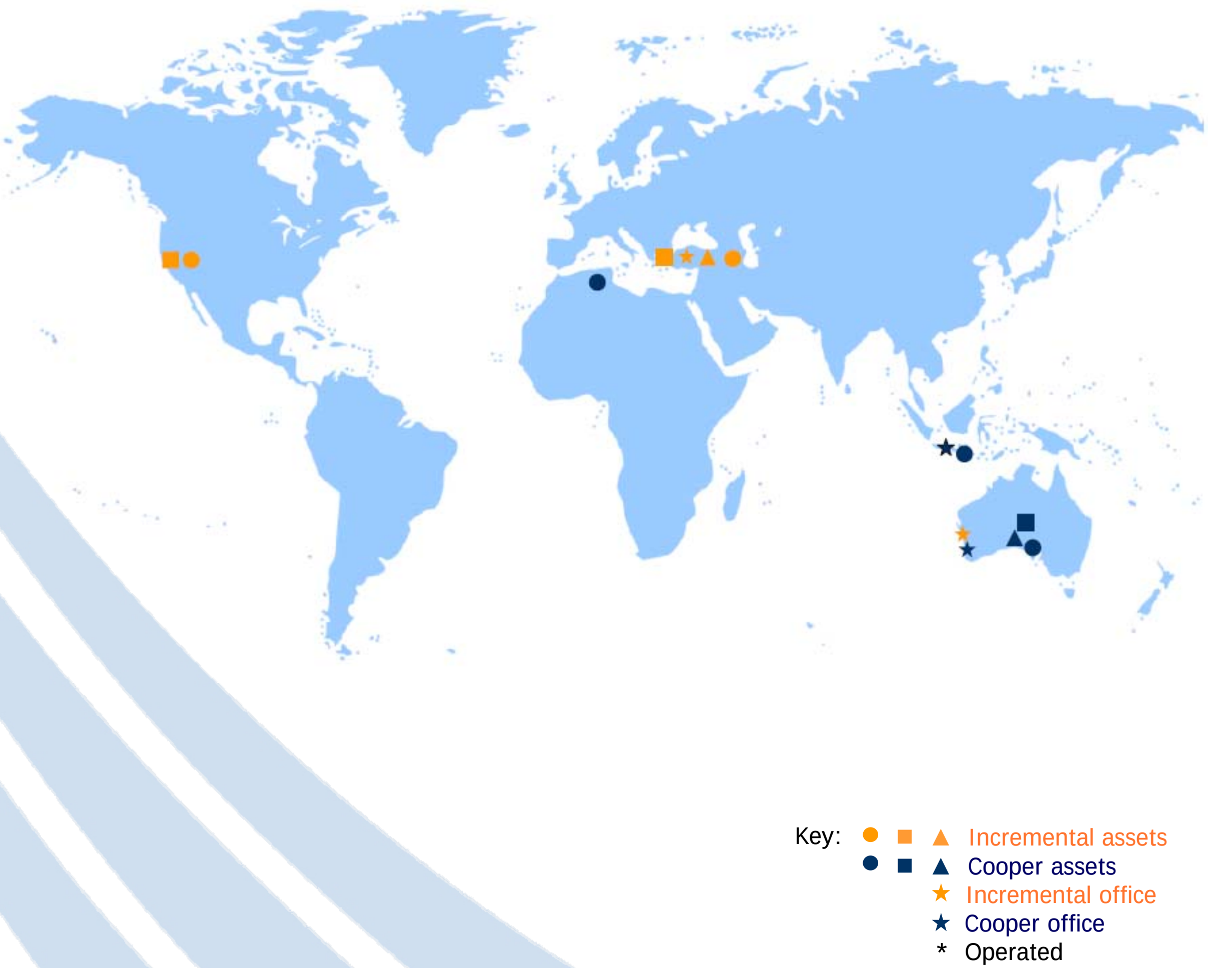


Notes:
[1] Peer Methodology: ASX Listed mid-tier oil and gas companies, undiluted market capitalisations based on closing prices Friday, 5 September 2008. Merged Group based on All Share Alternative and closing price of Cooper on 5 September 2008.
[2] Peer Methodology: ASX listed mid-tier oil and gas companies, (excluding predominantly US focused). Only oil production shown. Average daily production for 12 months to 30 June 2008.

Source: IRESS Market Technology Ltd

Complementary portfolios that increase global reach

Attractive geographical spread of exploration, appraisal and development interests across five continents



Source: ASX Announcements

▲ Production

Australia
- Callawonga oil field (25%)
- Worrior oil field (30%)
- Christies oil field (25%)
- Sellicks oil field (25%)
- Silver Sands oil field (25%)
- Cleansweep oil field (19.165%)
- Parsons oil field (25%)

Turkey
- Selmo oil field* (100%)

■ Development / Appraisal

Australia
- Parsons oil (25%)
- Callawonga oil (25%)

Turkey
- Selmo oil* (100%)
- Edirne gas* (55%)

USA
- McFlurrey gas* (50% subject to farm in)
- Kettleman Middle Dome oil & gas (5 & 10%)

● Exploration

Australia
- 5 Cooper Basin exploration permits (19.165% - 30%)

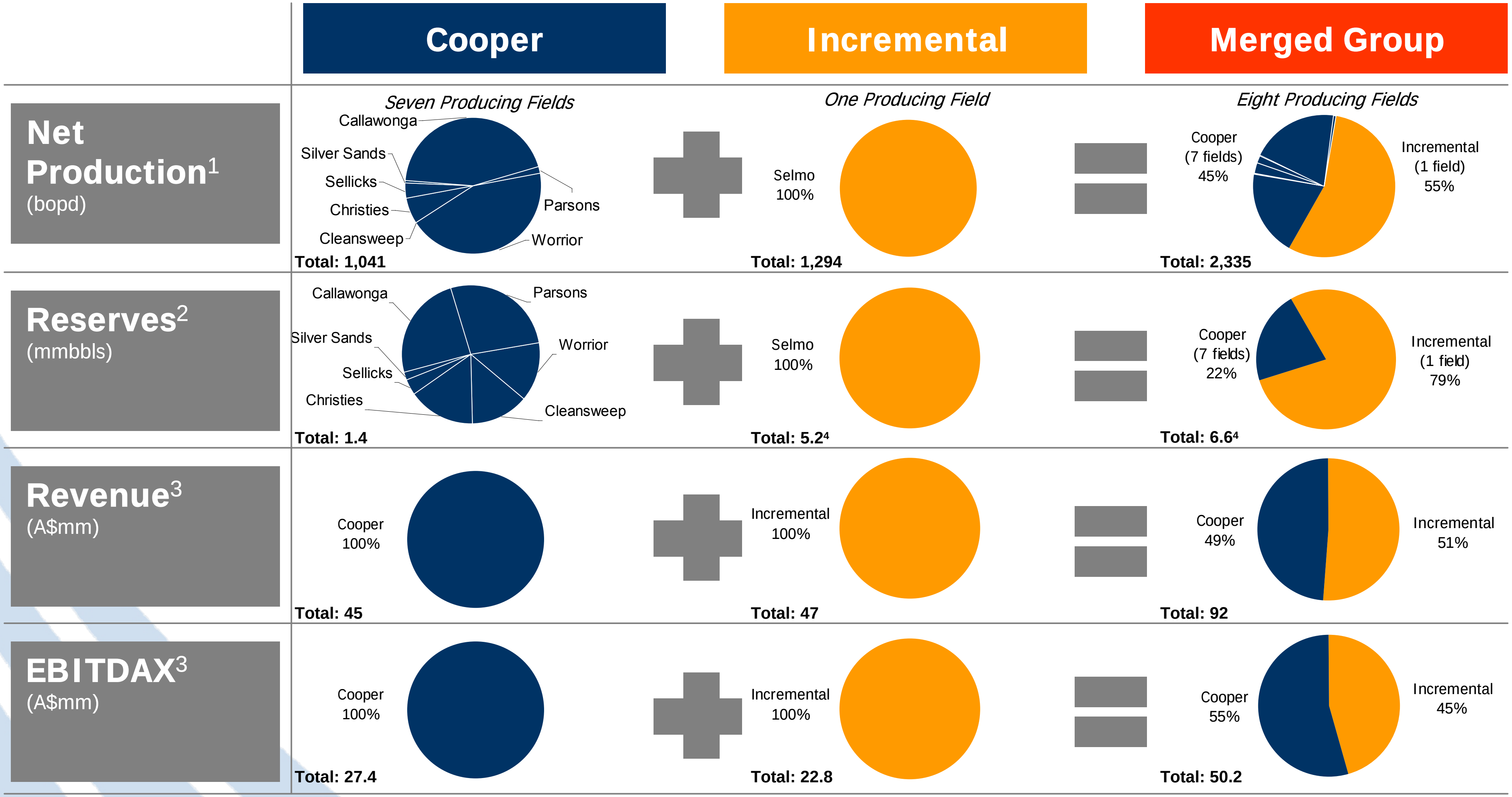
Tunisia
- Bargou* (100%)
- Hammamet (35% subject to farm in)

Indonesia
- South Madura* (30%)
- Seruway (22.5%)

Turkey
- Exploration projects

USA
- Exploration projects* (subject to farm in)

Increased Diversification



Notes:

Source: ASX Announcements

1 *Average daily production for the 12 months to 30 June 2008.*
2 *Cooper developed recoverable oil volumes as at 30 June 2008. Incremental 2P developed reserves at 30 June 2008.*
3 *12 months to 30 June 2008.*
4 *Based on Incremental's assumption that the Selmo licence will be renewed in 2015.*

Stronger portfolio, positioned for growth

		Exploration Potential (Value Step Change)	Development Potential	Developed Production (Value Underpinning)
Cooper	Australia	Focus: Oil	Focus: Oil	Focus: Oil
Cooper	Indonesia	Focus: Oil/Gas	Focus: Gas	—
Cooper	Tunisia	Focus: Oil	Focus: Oil	—
Incremental	Turkey	Focus: Oil/Gas	Focus: Oil/Gas	Focus: Oil
Incremental	USA	Focus: Gas	Focus: Oil/Gas	—
Merged Group		Focus: Oil/Gas	Focus: Oil/Gas	Focus: Oil

Relative size/value: Low Medium High

Overview of Cooper

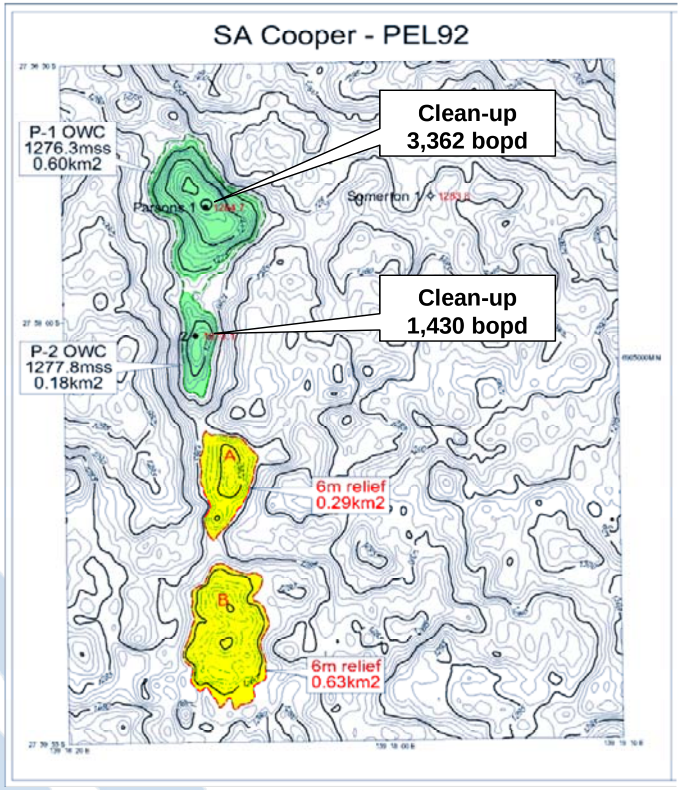
Cooper Overview

Cooper has strong base production and reserves, a large exploration and appraisal portfolio and a significant cash balance and cash flow to exploit growth opportunities

- Onshore and offshore conventional oil and gas E&P company
- Australian production of 380,135 barrels of oil for FY 2008 from seven fields
  - 1QFY09 production of 98,099 barrels of oil, up 18% on prior quarter
- Developed recoverable oil reserves of 1.44 million barrels at 30 June 2008
- Production revenue of $44 million and EBITDAX of $29 million for FY 2008
  - 1QFY09 production revenue of $15 million, up 14% on prior quarter
- Significant cash equivalents balance of $75 million at 30 September 2008 (30 cents per share)
  - Cash balance of $68 million at 30 September 2008 (27 cents per share)
- Strong base production with exploration and appraisal growth opportunities in Tunisia and Indonesia
- Low risk drilling program will commence in Cooper Basin at end 2008, with a number of high-impact international wells to follow in 2009
- The following pages provide a high level overview of Cooper's near term growth activities (excluding Australian production)

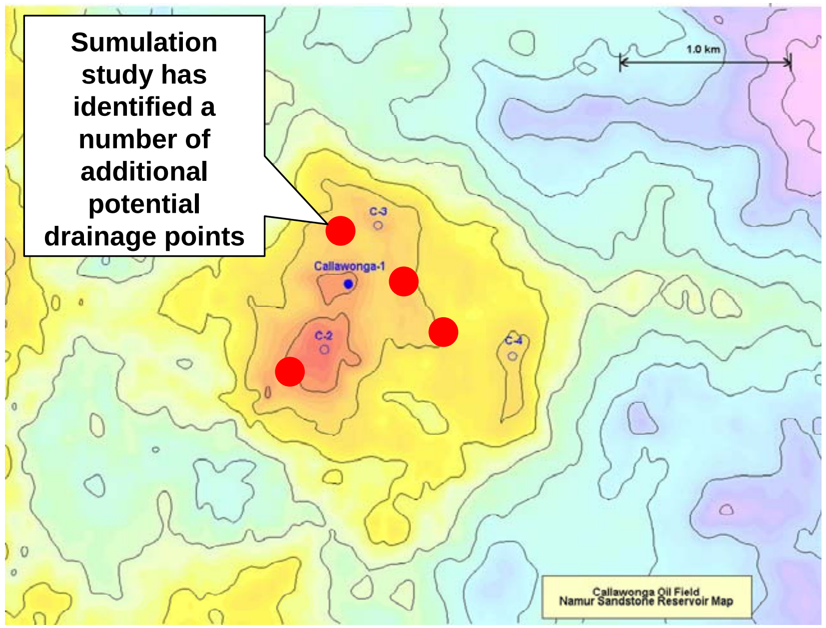
Australian Appraisal and Exploration Highlights

PEL 92 (Cooper Energy 25%)



- Two near-field low risk prospects south of Parsons and Parsons South discovery
- Flow-line to boost production currently under construction

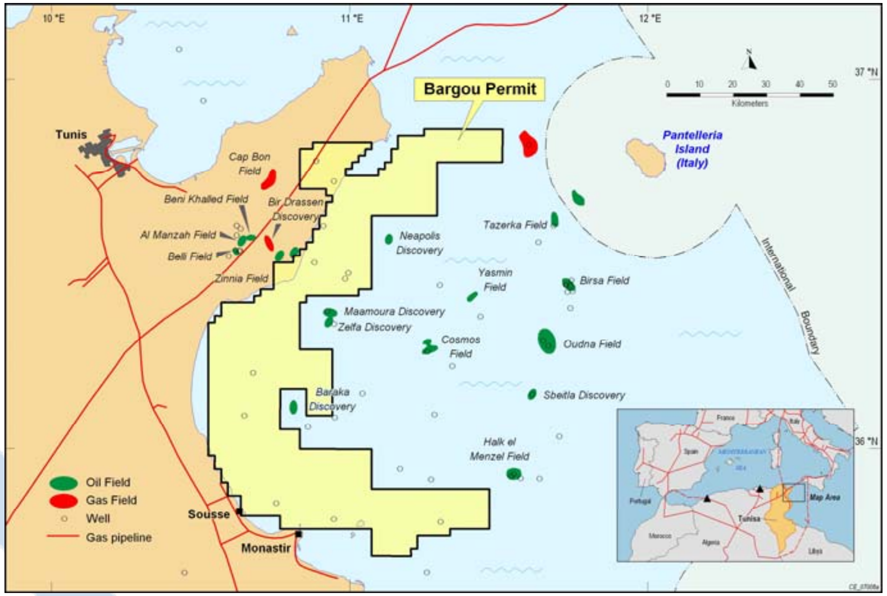
Callawonga (Cooper Energy 25%)



- Discovered in July 2006
- ~6 million barrels oil in place, with production of ~1 million barrels of oil to date
- Up to four potential locations identified to increase drainage and accelerate oil recovery

Tunisian Exploration: Bargou (Cooper Energy 100%)

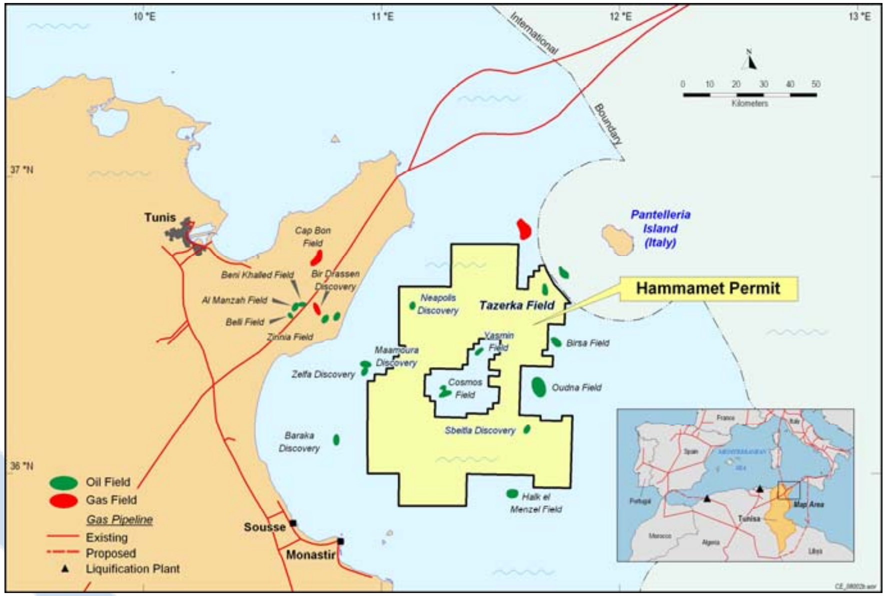
Located in Gulf of Hammamet, Tunisia



- Located adjacent to Hammamet Permit
- Successfully completed a 2 year Prospecting Permit with work program exceeded
- Recently converted to a 5 year Exploration Permit with one well commitment
- Material and sizeable exploration portfolio with excellent risk-reward spread
  - > 1 billion barrels undiscovered recoverable oil (P50) across eleven prospects
  - Includes one onshore prospect with 26 million barrels of undiscovered recoverable oil (P50)
- RPS recently completed positive independent geological and prospectivity review

Tunisian Exploration: Hammamet (Cooper Energy 35%)

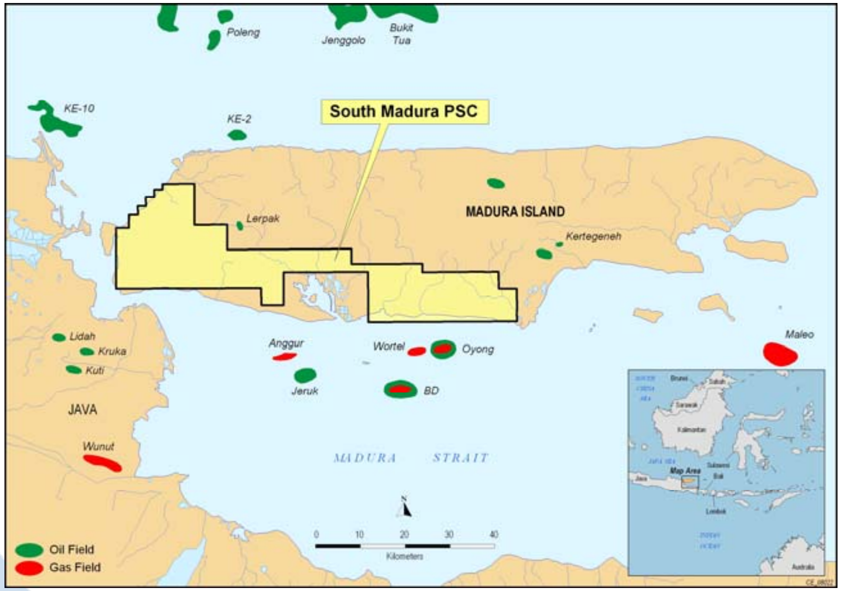
Located in Gulf of Hammamet, Tunisia



- Located adjacent to Bargou and subject to farm in
- CY07 3D seismic over these and other targets
- Fuschia exploration prospect being matured for 2009 drilling
- Additional upside in appraisal of abandoned Tamera oil field

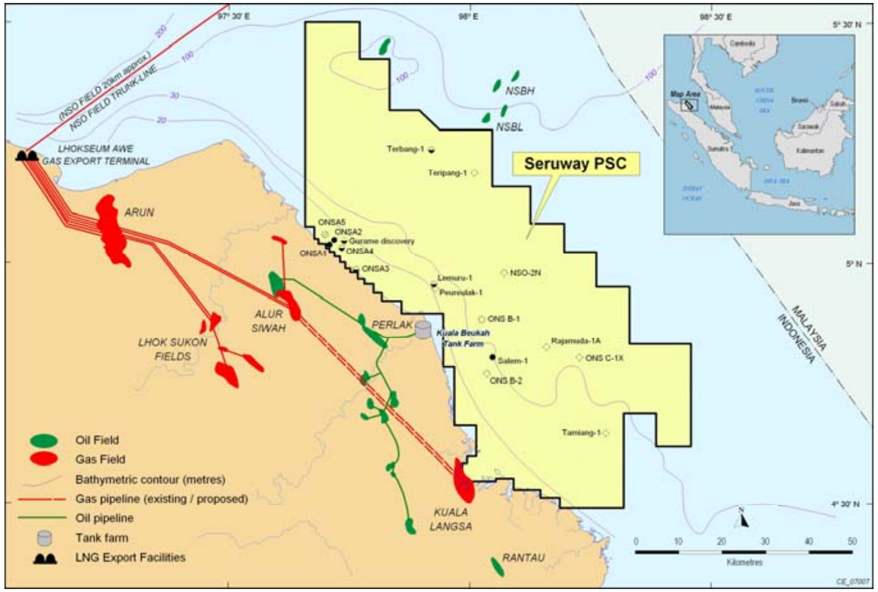
Indonesian Exploration

South Madura PSC (Cooper Energy 30.0%)



- Located in North Central Java
- Kurnia-1 made non-commercial gas discovery (gas to surface but tight reservoir)
- Block surrounded by oil and gas fields with access to infrastructure and markets
- 2D onshore seismic being acquired to west of block to mature shallow prospect for drilling

Seruway PSC (Cooper Energy 22.5%)



- Located in North East Sumatra
- Shallow water block with good access to infrastructure and undersupplied markets
- 2D seismic survey in April 2008 over Ibu Horst is expected to high-grade a large number of attractive prospects
- 2009 drilling targets under review
- Discovered accumulations under commercial review

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