



INCREMENTAL OIL AND GAS LTD
ACN 138 145 114
NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT
TO SHAREHOLDERS

NOTICE IS INCLUDED FOR
THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON
FRIDAY, 18 MAY 2012
AT 11.00AM
AT 16 PHILLIMORE STREET
FREMANTLE WA 6160

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it, or any part of it,
you should consult with your professional advisers without delay.

You are encouraged to attend the meeting, but if you cannot, you are requested to
complete and return the enclosed Proxy Form without delay to
Incremental Oil and Gas Ltd at
Unit 2, 16 Phillimore Street, Fremantle WA 6160
or by facsimile on facsimile number (+61 8) 9430 4883.

INCREMENTAL OIL AND GAS LTD

ACN 138 145 114

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Incremental Oil and Gas Ltd ("the Company") will be held as specified below:

TIME: 11.00am

DATE: Friday, 18 May 2012

LOCATION: 16 Phillimore Street, Fremantle WA 6160

**This is an important document that should be read in its entirety.
If you do not understand it, you should consult with your professional advisers without delay.
If you wish to discuss any aspects of this document with the Company, please contact Mr. Gerry McGann, Managing Director, or Ms. Susan Hunter, Company Secretary, on (+61 8) 9431 7306.**

Words and phrases used in the Resolutions are defined in Section 4 of the accompanying Explanatory Statement and these words and phrases have the same meaning in this Notice of Annual General Meeting as defined in the Explanatory Statement.

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2011 including the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding** resolution:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2011."

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

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) *a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or*
- (b) *a Closely Related Party of such a member.*

However, a person described above may vote on this Resolution if:

- (c) *the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and*
- (d) *the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.*

RESOLUTION 2: Re-election of Director

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

"That Mr. Christopher Cronin being a Director of the Company who retires by rotation pursuant to rule 8.1(d) of the Company's Constitution, and being eligible, is re-elected as a Director of the Company."

EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting for further explanation of the Resolutions.

PROXIES

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed proxy form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has the right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of the Annual General Meeting as soon as possible and either:

- send the Proxy Form by facsimile to the Company on +61 8 9430 4883; or
- deliver or post the Proxy Form to the Company at Unit 2, 16 Phillimore Street, Fremantle WA 6160.

To be effective, a Proxy Form and, if the Proxy Form is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of that authority) must be received by the Company not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

CORPORATE REPRESENTATIVES

A body corporate that is a Shareholder, or which has been appointed as proxy, may appoint an individual to act as its representative at the Annual General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

DATE FOR DETERMINING HOLDERS OF SHARES

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have set 5.00pm WST on 16 May 2012 as the time and date to determine who are the Shareholders in the Company for the purposes of the Annual General Meeting. Accordingly share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Dated this 16 April 2012

By order of the Board



Susan Hunter
Company Secretary

INCREMENTAL OIL AND GAS LTD
ACN 138 145 114

EXPLANATORY STATEMENT TO SHAREHOLDERS

This Explanatory Statement has been prepared to assist Shareholders of the Company in understanding the business to be put to Shareholders for their consideration at the forthcoming 2011 Annual General Meeting of the Company.

The Directors recommend that you read this Explanatory Statement and attend the forthcoming 2011 Annual General Meeting.

1. ANNUAL FINANCIAL REPORTS

The Corporations Act requires the Company's financial statements and reports of the Directors and of the auditors for the year ended 31 December 2011 to be laid before the Annual General Meeting. The financial statements and the reports of the Directors and of the auditors are contained in the Company's 2011 Annual Report, a copy of which is available on the Company's website at www.incremental油和gas.com.

While no resolution is required in relation to this item, Shareholders should consider the documents and raise any matters of interest with the Directors when this item is being considered.

The Company's auditor will also be present at the meeting and Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies and the independence of the auditor.

2. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Remuneration Report is required to be considered for adoption in accordance with section 250R of the Corporations Act. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 31 December 2011.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the Annual General Meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

2.1 Recent Changes to the Corporations Act

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on the Resolution are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company ("Spill Resolution").

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting ("Spill Meeting") within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

2.2 Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel or any Closely Related Party as your proxy to vote on this Resolution 1, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel or Closely Related Party on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

3. RESOLUTION 2: RE-ELECTION OF DIRECTOR (MR. CHRISTOPHER CRONIN)

Clause 8.1(d) of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded to the nearest whole number), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 8.1(d) of the Constitution is eligible for re-election.

The Company currently has three Directors (excluding the Managing Director) and accordingly one must retire. Mr. Christopher Cronin has agreed to retire by rotation pursuant to clause 8.1(d) of the Constitution and seeks re-election.

Mr. Cronin has 34 years experience in executive positions with some of the largest international companies in the oil and gas industry. He retired from the position of Director, Corporate Strategy and Planning, Woodside Petroleum Ltd in October 2003 after 23 years of service. Key responsibilities during four years in this job included mergers and acquisitions, strategy and business planning, portfolio management (economics), and external affairs. Other roles at Woodside included Director, Northern Australian Gas Projects and prior to that General Manager, Human Resources, IT and Corporate Affairs.

Prior to joining Woodside in 1980, Chris spent 9 years with BP Australia Ltd in marketing and personnel/industrial relations roles in both Victoria and Western Australia. Chris is a founding investor in Incremental.

Mr. Cronin is currently Chairman of the David Wirrpanda Foundation, a not-for-profit trust which provides assistance for the development of indigenous youth.

Additional non executive appointments in the last 5 years include:

- Deputy Chairman, Indian Pacific Ltd, owner and operator of the West Coast Eagles Football Club (July 2002 – October 2011).
- Chairman Incremental Petroleum Ltd (July 2005 - June 2009).
- Chairman Alinta Network Holdings Pty Ltd (July 2003 - February 2007).
- Non Executive Director, Geodynamics Ltd (October 2003 - February 2007).
- President, Australian Institute of Management (WA) (May 2004 - May 2006).
- Appointed to Chair the Inquiry into the failure by Western Power, to supply electricity to Western Australia during the period 16 - 18 February 2004.

Mr. Cronin's qualifications are as follows:

- Bachelor Business (Accounting), Curtin University, W.A., 1977.
- Stanford Senior Executive Program, Stanford University, USA, 1993.
- Fellow of the Australian Institute of Management.

The board unanimously supports the re-election of Mr. Cronin.

4. DEFINITIONS

In this Explanatory Statement:

Annual General Meeting means the meeting of the Shareholders convened for the purposes (including others) of considering the Resolutions contained in the Notice of Annual General Meeting.

Board means the Board of Directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means Incremental Oil and Gas Ltd, ACN 138 145 114.

Constitution means the constitution of Incremental Oil and Gas Ltd, ACN 138 145 114.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Annual General Meeting.

Incremental means Incremental Oil and Gas Ltd, ACN 138 145 114.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Notice of Annual General Meeting means the notice convening the Annual General Meeting accompanying this Explanatory Statement.

Proxy Form means the form of proxy accompanying the Notice of Annual General Meeting.

Resolution means a resolution proposed to be passed at the Annual General Meeting and contained in the Notice of Annual General Meeting.

Share means a fully paid ordinary share in the Company.

Shareholder means a person entered in the Company's register as a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

INCREMENTAL OIL AND GAS LTD
ACN 138 145 114
2011 ANNUAL GENERAL MEETING
FORM OF PROXY

Name:

Address:

SRN / HIN:

Appointment of a proxy

I/We being a member(s) of Incremental Oil and Gas Ltd hereby appoint:

(Write here the name of the person you are appointing)

or failing the person named, or if no person is named, the Chairman as my/our proxy and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Incremental Oil and Gas Ltd to be held at the 16 Phillimore Street, Fremantle WA 6160 at 11.00am (WST) on Friday, 18 May 2012 and at any adjournment or postponement of that meeting.

Important for Resolution 1: If the Chair of the Meeting or any member of the Key Management Personnel of the Company or a Closely Related Party of a member of the Key Management Personal of the Company is your proxy and you have not directed the proxy to vote on Resolution 1, the proxy will be prevented from casting your votes on Resolution 1. If the Chair, another member of the Key Management Personnel of the Company or Closely Related Party or a member of the Key Management Personnel is your proxy, in order for your votes to be counted on Resolution 1, you must direct your proxy how to vote on Resolution 1.

The Chair of the Meeting intends to vote undirected proxies in favour of Resolution 2 and will not cast undirected votes on Resolution 1.

Votes on items of business

(Voting directions to your proxy – please mark X to indicate your directions)

		FOR	AGAINST	ABSTAIN*
Item 1	- Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	- Re-election of Director – Mr. C. Cronin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

***Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Appointment of a second proxy

I/We wish to appoint a second proxy

☐ mark with an "X" if you wish to appoint a second proxy AND % OR State the percentage of your voting rights or the number of shares for this Proxy Form

Signature(s) of Shareholder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

INDIVIDUAL/SECURITY HOLDER 1
Individual/Sole Director and Sole
Company Secretary

SECURITY HOLDER 2
Director

SECURITY HOLDER 3
Director/Company Secretary

Contact details

Contact Name & Email address

Contact Telephone Number

Date

/ /

Voting By Proxy - How to complete the Proxy Form

Your Name, Address and Shareholder Details

Please complete your name, address and SRN or HIN as it appears on the share register of Incremental Oil and Gas Ltd.

Appointment of a Proxy

Please write the name of that person you wish to appoint as proxy in the space indicated. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman will be your proxy and vote on your behalf. A proxy need not be a shareholder of Incremental Oil and Gas Ltd.

Votes on Items of Business

You may direct your proxy how to vote by placing a mark one of the three boxes opposite each item of business. All your Shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy will vote as he or she chooses to the extent permitted by law. If you mark more than one box on an item, your vote on that item will be invalid.

Appointment of a Second Proxy

If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company or you may copy this form.

To appoint a second proxy you must:

- indicate that you wish to appoint a second proxy by marking the box;
- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form; and
- return both forms together.

Authorised Signature/s

You must sign this form as follows in the spaces provided:

- Individual : Where the holdings is in one name, the Shareholder must sign.
- Joint Holding Where the holding is in more than one name, all of the Shareholders should sign.
- Power of Attorney If signed under a Power of Attorney, you must have already lodged it with the Company, or alternatively, attach the Power of Attorney or a certified copy to this Proxy Form when you return it.
- Companies Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with another Director or a Company Secretary. Please signed in the appropriate place to indicate the office held.

If a representative of the corporation is to attend the meeting and a proxy form is not used, then an appropriate "Certificate of Appointment of Representative" should be produced prior to admission.

Attending the Meeting

Completion of a Proxy Form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the meeting in person, the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.

Lodgement of Proxy Form

This Proxy Form and any Power of Attorney or other authority under which it is signed must be received no later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by facsimile to the Company's registered office on +61 8 9430 4883, or by mail or delivery to the registered office of the Company at Unit 2, 16 Phillimore Street, Fremantle WA 6160.