



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
THURSDAY, 21 MAY 2015
AT 9.30AM WST
AT LEVEL 1, FREMANTLE CHAMBER OF COMMERCE
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 4983.**



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: 9:30am WST

DATE: Thursday, 21 May 2015

LOCATION: Level 1, Fremantle Chamber of Commerce, 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. Simon Adams,
Company Secretary, on (+61 8) 9431 7306.

Capitalised terms used in the Resolutions are defined in the Glossary of the accompanying Explanatory Statement on page 7.

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual report of the Company for the financial year ended 31 December 2014 together 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 an **ordinary** resolution:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the remuneration report as contained in the Company's annual report for the financial year ended 31 December 2014 (which is available at www.incremental油和gas.com) be adopted."

Voting Prohibition Statement:

The Company will disregard any votes cast (in any capacity) on this Resolution by, or on behalf of, a member of the Key Management Personnel (KMP), details of whose remuneration are included in the remuneration report; or a KMP's closely related party.

However, the Company need not disregard a vote on this Resolution if the vote is cast as a proxy and the vote is not cast on behalf a person who is a member of the KMP or a KMP's closely related party and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1 (that is, a directed proxy); or*
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:*
 - (i) does not specify the way the proxy is to vote on this Resolution; and*
 - (ii) expressly authorises the chair of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.*

Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as companies controlled by the KMP.

RESOLUTION 2: Re-election of Director

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

"That, Mr. Gerry McGann 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."

RESOLUTION 3: Issue of Shares to Director, for the purpose of Listing Rule 10.11

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

"That, for the purpose of Listing Rule 10.11, Shareholders approve the issue of 884,100 Shares to Trinity Management Group Pty Ltd as trustee for the Incremental Oil and Gas Ltd Employee Share Trust for the benefit of Mr. John Whisler, Managing Director, for the purpose and on the terms set out in the Explanatory Statement."

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by Mr. John Whisler or any of his associates (as defined in the Corporations Act).

However, the Company need 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, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4: Issue of Shares to Trinity Management Group Pty Ltd as trustee for the Incremental Oil and Gas Ltd Employee Share Trust, for the purpose of Listing Rule 7.1

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

"That, for the purpose of Listing Rule 7.1, Shareholders ratify the issue of 2,463,800 Shares to Trinity Management Group Pty Ltd as trustee for the Incremental Oil and Gas Ltd Employee Share Trust, for the purpose and on the terms set out in the Explanatory Statement."

This Resolution relates to Shares which the Board has approved to be issued for the benefit of members of the Company's Key Management Personnel which will be held on trust subject to certain performance conditions being met.

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by Trinity Management Group Pty Ltd as trustee for the Incremental Oil and Gas Employee Share Trust, being the person who may participate in the issue of Shares and any of its associates (as defined in the Corporations Act), and Mr. Simon Adams, Mr. William Duggins and Mr. William Woodward and any of their associates (as defined in the Corporations Act).

However, the Company need 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, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

CHAIRMAN AND CHAIRMAN'S VOTING INTENTIONS FOR UNDIRECTED PROXIES

It is proposed that the Chairman of the Meeting be the Chairman of the Board, Mr. Mark Stowell. It is the Chairman's intention as Chairman of the Meeting for to vote undirected proxies (i.e. open proxies) which he holds as proxy in favour all Resolutions.

PROXIES

Shareholders are encouraged to attend the Meeting, but if you are unable to attend, 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 AGM as soon as possible and either:

- send the Proxy Form by facsimile to the Company on +61 8 9430 4983; 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.

Effect of amendments to the Corporations Act on proxy voting

Shareholders and their proxies should be aware that recent amendments to the Corporations Act (which took effect on 1 July 2011) apply to voting by proxy. Broadly, the changes mean that if proxy holders vote, they must cast all directed proxies as directed; and any directed proxies that are not voted will automatically default to the chairperson of the meeting, who must vote the proxies as directed. More detail on these recent changes is provided below.

Proxy vote if appointment specifies way to vote

Section 250BB provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- if the proxy has two or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- if the proxy is the chairperson of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chairperson of the meeting – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chairperson proxy to chairperson in certain circumstances

Section 250BC provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members;
- the appointed proxy is not the chair of the meeting;
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - if a record of attendance is made for the meeting - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chairperson of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

If a proxy is also a Shareholder, Section 250BB does not affect the way the person can cast any votes they hold as a Shareholder.

Voting prohibitions under Section 250BD of the Corporations Act – Proxy voting by KMP or closely related parties

Under Section 250BD(1) of the Corporations Act, a person appointed as proxy must not vote, on the basis of that appointment, as a proxy on a resolution connected directly or indirectly with the remuneration of a member of the KMP for the Company if:

- (a) the person is either:
 - (i) a member of the KMP for the Company; or
 - (ii) a closely related party of a member of the KMP for the Company; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, Section 250BD(1) does not apply if:

- (a) the person is the chairman of the meeting at which the resolution is voted on; and
- (b) the appointment expressly authorises the chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

Resolutions 4, 5 and 6 are resolutions which are connected directly or indirectly with the remuneration of a member of the KMP for the Company.

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 Act, the Directors have set 9.30am WST on Tuesday 19 May 2015 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.

Holders of Options issued by the Company who are not also Shareholders but who wish to vote as Shareholders at the Meeting are required to lodge valid option exercise notices with the Company no later than 1 week before the Meeting to allow sufficient time for the Shares to be issued by the Company.

Dated this 21 April 2015

By order of the Board



Simon Adams
Company Secretary

INCREMENTAL OIL AND GAS LTD
ACN 138 145 114

EXPLANATORY STATEMENT TO SHAREHOLDERS

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

The Directors recommend that you read this Explanatory Statement and attend the Annual General Meeting by proxy or in person.

The Glossary on page 7 contains the definitions of the capitalised terms in the Notice of AGM and this part of the Explanatory Statement.

If any Shareholder is in doubt as to how they should vote, they should seek advice from their professional adviser before voting.

ANNUAL REPORT

The Corporations Act requires the Company's financial statements and reports of the Directors and of the auditors for the year ended 31 December 2014 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 Annual Report, a copy of which is available on the Company's website at www.incremental油和gas.com. There is no formal resolution to accept the contents of the Annual Report, but provision will be made for Shareholders to question the Directors and the Company's auditor, Ernst & Young, should they desire.

Whilst there is no requirement for Shareholders to approve the contents of the Annual Report, Shareholders should consider the documents and raise any matters of interest with the Directors when this item is being considered. The Chairman will allow reasonable opportunity for Shareholders to ask the Company's 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.

Shareholders may also submit written questions to the Chairman about the management of the Company, or to the auditor about the preparation and content of the audit report or the conduct of its audit of the Company's financial report for the period ended 31 December 2014, accounting policies adopted by the Company in relation to the preparation of the financial statements contained in its Annual Report and the independence of the auditor in relation to the conduct of the audit. Any written questions for the Chairman or the Company's auditor must be submitted to the Company Secretary and received by mail or by facsimile at the registered office of the Company no later than the fifth business day before the date of the Meeting.

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. Accordingly, the Board submits its Remuneration Report for the year ended 31 December 2014 for consideration and adoption by Shareholders.

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 report of the Company for the financial year ended 31 December 2014, a copy of which is available on the Company's website at www.incremental油和gas.com.

The Remuneration Report:

- describes the policies behind, and the structure of, the remuneration arrangements of the Company and link between the remuneration of Key Management Personnel and the Company's performance; and
- sets out the remuneration arrangements in place for each Director and for the Managing Director and other Key Management Personnel.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the Annual General Meeting.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is a **non-binding** resolution. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Under the Corporations Act, if 25 per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election. It is noted that at the Company's last annual general meeting, the votes cast against the remuneration report represented less than 25 per cent of the total votes cast and accordingly, a spill resolution will not under any circumstances be required for the Annual General Meeting.

A voting prohibition applies to Resolution 1 in the terms set out in the Notice of Meeting.

RESOLUTION 2: RE-ELECTION OF DIRECTOR (MR. GERRY MCGANN)

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 is eligible for re-election.

The Company currently has three Directors (excluding the Managing Director) and accordingly one must retire. Mr. Gerry McGann has agreed to retire by rotation in accordance with the Constitution and seeks re-election.

The profile of Mr. McGann is set out below.

Mr McGann has over 40 years' experience in the upstream oil and gas industry, in a career that has spanned all five continents. As a petroleum geologist, he has been instrumental in the discovery of oilfields totalling more than 200 million barrels in Australia, Middle East and the North Sea, and been part of teams that have discovered other substantially oil resources. As Exploration Manager for Occidental Petroleum, Mr McGann was responsible for increasing production from 32,000 bopd to 52,000 bopd in 3 years in Oman. Mr McGann was one of only seven exploration managers in Occidental Petroleum, and one of only four Chief Scientists in Baker Hughes (approximately 30,000 employees).

Mr McGann was a founding shareholder and Managing Director of Incremental Petroleum Ltd. He identified the Selmo Oilfield in South-east Turkey in 2005, and increased the production from a declining 1,500 bopd to 2,000 bopd when the company was sold in March 2009.

Mr McGann has taught Petroleum Geology at degree and post-degree level at Curtin University for seven years. He was the president of three chapters of the Society of Petro Physicists and Well Log Analysts (SPWLA) and has been an invited speaker to SPWLA and the Society of Exploration Geophysicists annual conventions. He has published 14 technical papers and is a certified petroleum geologist.

Other current appointments in addition to Incremental Oil and Gas Ltd are:
None

The Board (with Mr. McGann abstaining) unanimously recommends that Shareholders vote in favour of Resolution 2.

RESOLUTION 3: ISSUE OF SHARES TO A DIRECTOR (MR JOHN WHISLER)

The Company proposes to issue 884,100 shares Trinity Management Group Pty Ltd as trustee for the Incremental Oil and Gas Ltd Employee Share Trust for the benefit of Mr. John Whisler, Managing Director, as part of his remuneration package as Managing Director. The Shares will be issued to the Trustee as part of Mr Whisler's remuneration (details below) and will be held by the Trustee on behalf of Mr Whisler until various performance conditions have been met.

Mr Whisler's is entitled to receive shares equivalent to 10% of his annual salary in shares under his employment contract. To determine the number of shares to be issued, the Board has considered the net asset backing value per share at 31 December 2014 as a benchmark rate (A\$0.0414). The share price of the Company's shares at 31 December 2014 was A\$0.034.

Listing Rule 10.11 permits a Director to be issued new Equity Securities of the Company if Shareholder approval is obtained. Under Listing Rule 10.11, the Company must obtain the approval of its Shareholders by ordinary resolution before it can issue Equity Securities to a Related Party or a person whose relationship with the Company or Related Party is, in ASX's opinion, such that Shareholder approval should be obtained.

Mr. Whisler, as Managing Director, is a Related Party of the Company in accordance with section 228 of the Corporations Act. Accordingly, the proposed issue of 884,100 shares to Mr. Whisler requires Shareholder approval under Listing Rule 10.11.

Further, Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue, or agree to issue, during any 12 month period any Equity Securities if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. Shares issued under this Resolution would fall within an exception to Listing Rule 7.1. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

One of the effects of the Resolution will be to allow the Company to issue the 884,100 Shares without using the Company's 15% placement capacity.

The Employee Share Trust – How it works

The Company has set up the Trust through third party service provider Remuneration Strategies Group Pty Ltd ("RSG"), to facilitate the distribution of Shares to its employees as part of their remuneration package. The Trustee of the Trust is Trinity Management Group Pty Ltd (which is RSG's employee share plan administration company) and its role is to hold relevant Shares on behalf of Company employees until performance conditions have been met and those employees are entitled to receive the benefit of the Shares. The Trustee must act in accordance with the Board's instructions.

Once performance conditions have been met by the employee, the employee can either request that the Shares be transferred to them or instruct the Trustee to sell their Shares on-market and be given the net sale proceeds.

If an employee ceases employment with the Company, any Shares which an employee is entitled to have transferred to it by the Trustee will immediately be transferred to the employee.

Employees who do not meet their performance conditions will not be entitled to the benefit of any applicable Shares held by the Trustee.

Issue Details

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in respect of Shares that are proposed to be issued:

- (a) The number of Shares to be issued is 884,100.
- (b) The Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and will be issued in full (not progressively).
- (c) The issue price for the Shares will be A\$0.0414 per share which is the net tangible asset per share value as at 31 December 2014.
- (d) The Shares will be ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) The Shares will be issued to Trinity Management Group Pty Ltd as trustee for the Incremental Oil and Gas Employee Share Trust, for the benefit of Mr. Whisler, who will be entitled to the benefit of the Shares subject to the following performance conditions being met.
 - 50% of shares will vest after 12 months of continuous service from the issue date.
 - 50% of shares will vest after 24 months of continuous service from the issue date.
- (f) The Company will not raise any net funds through this issue of Shares.

The securities proposed to be issued will comprise approximately 0.55% of the Company's share capital (as at the date of this document).

The independent Board (being those Directors other than Mr. Whisler) has determined that the issue of 884,100 Shares to Mr. Whisler as part of his remuneration package is reasonable and accordingly, approval under Chapter 2E of the Corporations Act is not required for this Resolution.

A voting prohibition applies to Resolution 3 in the terms set out in the Notice of Meeting.

The Board (with Mr. Whisler abstaining) unanimously recommends that Shareholders vote in favour of Resolution 3.

RESOLUTION 4: ISSUE OF SHARES TO TRINITY MANAGEMENT GROUP PTY LTD AS TRUSTEE FOR THE INCREMENTAL OIL AND GAS LTD EMPLOYEE SHARE TRUST, FOR THE PURPOSE OF LISTING RULE 7.1

The Board has authorised the issue of 2,463,800 Shares to the Trustee as part of employee remuneration for the benefit of members of the Company's Key Management Personnel which will be held on trust subject to certain performance conditions being met (which are set out below).

The Employee Share Trust – How it works

See the Explanatory Statement for Resolution 3 above for details about the Trust.

ASX Listing Rules

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue, or agree to issue, during any 12 month period any Equity Securities if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Under this Resolution, the Company seeks from Shareholders approval to limit the restrictive effect of Listing Rule 7.1 on the issue of securities by the Company in the next 12 months and will allow the Company to issue the 2,463,800 Shares to Key management Personnel without using the Company's 15% placement capacity for the issue of securities as set out below.

Issue Details

Listing Rule 7.3 requires the following specific information to be provided in respect of the Shares that are to be issued:

Issue 1 -

- (a) The number of Shares to be issued is 884,100.
- (b) The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and will be issued in full (not progressively).
- (c) The issue price for the Shares will be A\$0.0414 per share which is the net tangible asset per share value as at 31 December 2014.
- (d) The Shares will be ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) The Shares will be issued to Trinity Management Group Pty Ltd as trustee for the Incremental Oil and Gas Employee Share Trust for the benefit of Key Management Personnel, namely Mr. Simon Adams, Mr. William Duggins and Mr. William Woodward, who are entitled to receive equity securities equivalent to 10% of their annual salary in shares under their employment contract. The shares will be issued at a price equivalent to the net asset backing value per share at 31 December 2014 (A\$0.0414). The share price of the Company's shares at 31 December 2014 was A\$0.034. The employees, who will be entitled to the benefit of the Shares subject to the following performance conditions being met.
 - 50% of shares will vest after 12 months of continuous service from the issue date.
 - 50% of shares will vest after 24 months of continuous service from the issue date.
- (f) The Company will not raise any net funds through this issue of Shares.

Issue 2 -

- (a) The number of Shares to be issued is 1,500,000.
- (b) The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and will be issued in full (not progressively).
- (c) The issue price for the Shares will be A\$0.051 per share which is the market price of the shares as traded on the ASX as at 1 July 2014, the date that the employment agreement which gives rise to this issue was finalised.
- (d) The Shares will be ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) The Shares will be issued to Trinity Management Group Pty Ltd as trustee for the Incremental Oil and Gas Employee Share Trust, for the benefit of Mr. Simon Adams, who will be entitled to the benefit of the Shares subject to the following performance conditions being met.
 - Tranche 1 – 375,000 Shares, following close of a new project(s) acquisition(s) ("Project A") which are approved by the Board, and which individually or collectively contributes an average of 100 gross barrels of oil equivalent per day ("boepd") for 30 days, and operational cashflow meets the approved criteria of the Board for this (these) project (s).
 - Tranche 2 – 375,000 Shares, following production of the new Project A reaching an average of 200 gross boepd over a continuous 6 month period and operational cashflow meets the approved criteria of the Board for this (these) project (s).
 - Tranche 3 – 375,000 Shares, following close of project (s) acquisition(s) which take place after the Project A ("Project B") which are approved by the Board, and which contributes an average of 300 additional gross boepd for 30 days .
 - Tranche 4 – 1,000,000 Shares, following production of Project 2 reaching an average of 1,000 Gross boepd over a continuous 6 month period and operational cashflow meets the approved criteria of the Board for this (these) project (s).
- (f) The Company will not raise any net funds through this issue of Shares.

The securities proposed to be issued will comprise approximately 1.49% of the Company's share capital (as at the date of this document).

A voting prohibition applies to Resolution 4 in the terms set out in the Notice of Meeting.

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

GLOSSARY

ASX means the ASX Limited ACN 008 624 691 or the securities exchange operated by it, as the context requires.

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

Annual Report means the Company's Annual Report for 2014 made up of an Annual Review 2014 and a Financial Report 2014, which includes the financial statements, Directors' report and Auditor's report for the financial year ended 31 December 2014.

Board means the Board of Directors of the Company.

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

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Equity Securities has the meaning given in the Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice of AGM.

Key Management Personnel or **KMP** 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.

Listing Rules means the listing rules published by ASX.

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

Proxy Form means the form of proxy accompanying the Notice of AGM.

Related Party has the meaning given in the Corporations Act.

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

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.

Trust has the meaning given in the Explanatory Statement for Resolution 5.

Trustee has the meaning given in the Explanatory Statement for Resolution 5.

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

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