

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:

Tuesday, 21 May 2013

at 10.00am, Perth time

at The Esplanade Hotel (Cnr Marine Terrace and Essex 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.

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:	10.00am, Perth time
DATE:	Tuesday, 21 May 2013
LOCATION:	The Esplanade Hotel (Cnr Marine Terrace And Essex 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 Mr. Simon Adams, Company Secretary, on (+61 8) 9431 7306.

Words and phrases used in the Resolutions are defined in Section 8 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 2012 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 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 2012."

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

Voting Prohibition Statement:

The Company will disregard any votes cast on this resolution by a person who is a member of the Key Management Personnel or a Director, details of whose remuneration are included in the Remuneration Report; or a Closely Related Party of such a member.

However, the Company need not disregard a vote on Resolution 1 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 CRP of such a member and either:

- a. the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 4 (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 Resolution 1; 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 for the Company.*

Notice of Annual General Meeting

RESOLUTION 2: Re-election of Director

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

“That Mr. Sandy Macdonald 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: Ratification of previous issue of Securities to Sophisticated and Professional Investors

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

“That for the purpose of Listing Rule 7.4, Shareholders approve and ratify the issue and allotment of 20,000,000 Shares to Sophisticated and Professional Investors on 27 June 2012 at an issue price of \$0.23 per Share, further details of which are set out in the Explanatory Statement.”

Voting Prohibition Statement:

The Company will disregard any votes cast on this resolution by a person who participated in the issues and an associate of that person (or those persons).

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: Ratification of previous issue of Securities to employees of the Company

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

“That for the purpose of Listing Rule 7.4, Shareholders approve and ratify the issue and allotment of 360,000 Shares to employees of the Company on 21 January 2013 at an issue price of \$0.25 per Share, further details of which are set out in the Explanatory Statement.”

Voting Prohibition Statement:

The Company will disregard any votes cast on this resolution by a person who participated in the issues and an associate of that person (or those persons).

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 5: Additional Placement Capacity

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That the Company may, during the period from the date of this annual general meeting (AGM) until the date 12 months after the AGM or the date shareholders approve a transaction in accordance with ASX Listing Rule 11.1.2 or 11.2, whichever is the earlier, issue or agree to issue additional ordinary shares up to 10% of the issued capital in the Company at the time of issue in accordance with ASX Listing Rule 7.1A.2.”

The Company will disregard any votes cast on this resolution by a person who may participate in the 10% Placement Capacity and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed (and any associates of such a person).

However, a person described above may cast a vote on Resolution 5 if:

- the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; or*
- it is cast by the Chairman 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.*

At the date of this Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holders to participate in an issue of equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

RESOLUTION 6: Appointment of Ernst and Young as Auditor

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

“That, subject to the Australian Securities and Investments Commission providing its consent to the resignation of Stantons International as the auditor of the Company, Ernst and Young being qualified to act as auditor of the Company and having consented to act as auditor of the Company, be appointed as the Company's auditor effective from the date on which the resignation of Stantons International takes effect.”

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.

RESOLUTIONS ARE NOT INTER-DEPENDENT

The resolutions are not inter-dependent. This means that a resolution can be passed by shareholders even if one or more of the other resolutions is not passed by shareholders.

Notice of Annual General Meeting

CHAIRMAN AND CHAIRMAN'S VOTING INTENTIONS FOR UNDIRECTED PROXIES

It is proposed that the chairman of the Meeting for be the Chairman of the Board of Directors, Mr Chris Cronin. It is Mr Cronin's intention as chairman of the Meeting for to vote undirected proxies which he holds as proxy in favour all 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 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 recent amendments to the Corporations Act on proxy voting

Shareholders and their proxies should be aware that new sections 250BB and 250BC of the Corporations Act took effect on 1 August 2011 and apply to voting by proxy on or after that date. 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.

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 7.00pm WST on Sunday 19 May 2013 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 17th April 2013

By order of the Board



Simon Adams
Company Secretary

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 2013 Annual General Meeting of the Company.

The Directors recommend that you read this Explanatory Statement and attend the forthcoming 2013 Annual General Meeting.

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 2012 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 2012 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 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 Stantons International if the questions are relevant to the content of the audit report or the conduct of its audit of the Company's financial report for the period ended 31 December 2012. Relevant written questions for Stantons International must be 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. 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 2012.

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.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is a non-binding resolution.

In accordance with Division 9 of Part 2G.2 of 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 exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their closely related parties may not vote on this Resolution and may not cast a vote as proxy, unless 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 CRP of such a member and either:

- 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
- the voter is the chair of the meeting and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on Resolution 1; and
 - 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 for the Company.

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

RESOLUTION 2: RE-ELECTION OF DIRECTOR (MR. JOHN (SANDY) MACDONALD)

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

Explanatory Statement to Shareholders

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. John (Sandy) Macdonald has agreed to retire by rotation pursuant to clause 8.1(d) of the Constitution and seeks re-election.

Mr. Macdonald holds a Bachelor of Law from the University of Sydney and was admitted to the Roll of Solicitors in 1977. Mr. Macdonald was elected to the Australian Senate in 1993. During his parliamentary career of 15 years he was Deputy Leader of the National Party in the Senate and served in the Howard Ministry as Parliamentary Secretary for Trade and Parliamentary Secretary for Defence. He also chaired the Senate Foreign Affairs, Defence and Trade Committee for eight years. Mr. Macdonald had political responsibility for Austrade and has represented Australia at a high level. He has led delegations of both business and parliamentarians on behalf of Government to Turkey, the Middle East, Asia and the Pacific Rim.

Other current appointments in addition to Incremental Oil and Gas Ltd are:

- ▶ Non-executive Director of Defence Housing Australia (DHA) and serves on the DHA board audit committee.
- ▶ Non-executive Director of the Anzac Centenary Advisory Board.
- ▶ The board unanimously supports the re-election of Mr. Macdonald.

RESOLUTION 3: RATIFICATION OF PREVIOUS ISSUE OF SECURITIES TO SOPHISTICATED AND PROFESSIONAL INVESTORS

Incremental Oil and Gas Ltd issue 20,000,000 ordinary shares to Sophisticated and Professional Investors under section 708 of the Corporations Act on 27 June 2012. The shares were issued at A\$0.23 per Share. These shares were issued pursuant to a placement mandate between the Company and Bell Potter Securities Limited dated 19 Jun 2012 and fell within the Company's capacity under Listing Rule 7.1 to issue securities under its 15% annual placement capacity.

None of the subscribers pursuant to this issue were related parties of the Company.

ASX 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, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Specific information that is required by ASX listing Rule 7.5 is as follows:

- a. 20,000,000 Ordinary Shares were allotted;
- b. The issue price was A\$0.23 per Share;
- c. The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- d. The shares were allotted and issued to clients of Bell Potter Securities Limited who are sophisticated investors or professional investors. No Shares were issued to any related parties or associates of the Company;
- e. The funds raised from the placement were used to acquire a new oilfield asset at Florence, Colorado.

Voting Prohibition Statement:

The Company will disregard any votes cast on this resolution by a person who participated in the issues and an associate of that person (or those persons).

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.

Explanatory Statement to Shareholders

RESOLUTION 4: RATIFICATION OF PREVIOUS ISSUE OF SECURITIES TO EMPLOYEES

Incremental Oil and Gas Ltd issue 360,000 ordinary shares to Employees under section 708 of the Corporations Act on 21 January 2013. The shares were issued at A\$0.25 per Share. These shares were issued as part of employee remuneration.

ASX 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, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Specific information that is required by ASX listing Rule 7.4 is as follows:

- 360,000 Ordinary Shares were allotted;
- The issue price was A\$0.25 per Share;
- The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The shares were paid for by way of a non-recourse loan that was provided by the Company which is repayable at the time when the beneficial ownership of the Shares are transferred to the employee. Shares are issued subject to a vesting period of between 12 and 24 months;
- The shares were allotted and issued to five employees of the Company as follows:

Employee Name	Position	No. of Shares
Jim Hussey	VP USA	100,000
Simon Adams	Company Secretary	52,000
Sharon Regan-Williams	VP Land and Business Development	144,000
Alex Hamilton	Reservoir Engineer	36,000
Will Duggins	Geologist	28,000

- The shares were issued to employees as part of their remuneration package.

Voting Prohibition Statement:

The Company will disregard any votes cast on this resolution by a person who participated in the issues and an associate of that person (or those persons).

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 5: ADDITIONAL PLACEMENT CAPACITY OF 10%

The Company is seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under a 10% Placement Facility.

In accordance with Listing Rule 7.3A, the following information is provided to shareholders in relation to the approval of the 10% Placement Facility:

- The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price (VWAP) for the Company's Equity Securities in the same class calculated over the 15 trading days immediately before:
 - (the date on which the price at which the Equity Securities are to be issued is agreed; or
 - if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. Shareholders may be exposed to economic risk and voting dilution, including the following:
 - the market price for the Company's Equity Securities in that class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

The below table shows the potential dilution of existing holders of Shares on the basis of the current market price of Shares and the current number of Shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary Shares the Company has on issue. The number of ordinary Shares on issue may increase as a result of issues of ordinary Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary Shares has decreased by 50% and increased by 50% as against the current market price.

Explanatory Statement to Shareholders

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		50% decrease in Issue Price	Issue Price (being market price as at 11 April 2013)	100% increase in Issue Price
Current Variable A	10% Voting Dilution	15,610,368 Shares	15,610,368 Shares	15,610,368 Shares
156,103,680 Shares	Funds raised	\$1,561,037	\$3,122,074	\$6,244,147
50% increase in current Variable A	10% Voting Dilution	23,415,552 Shares	23,415,552 Shares	23,415,552 Shares
234,155,520 Shares	Funds raised	\$2,341,555	\$4,683,110	\$9,366,221
100% increase in current Variable A	10% Voting Dilution	31,220,736	31,220,736	31,220,736
312,207,360 Shares	Funds raised	\$3,122,073	\$6,244,147	\$12,488,294

The table above has been prepared on the following assumptions:

- i. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - ii. No Options (including any ASX Quoted Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
 - iii. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - iv. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding of shares at the date of the Meeting.
 - v. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - vi. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - vii. The issue price of shares is A\$0.20, being the closing price of the Shares on ASX on 11 April 2013.
- c. Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:
- i. the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
 - ii. the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

The Company will only issue and allot the Equity Securities during the 10% Placement Period. Shareholder approval will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

- d. The Company may seek to issue the Equity Securities for the following purposes:
- i. non-cash consideration for the acquisition of new resource assets and investments. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - ii. to raise capital to fund the cash consideration for the acquisition of new assets or investments (including expenses associated with such acquisitions), exploration and feasibility study costs of existing and new resource assets and/or general working capital.

The company may issue the Equity Securities for non-cash consideration.

- e. The Company's allocation policy for issues of Equity Securities under the 10% Placement Facility is dependent upon the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottee or allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- i. the method of raising funds that are available to the Company, including but not limited to rights issues or other issues in which existing security holders can participate;
 - ii. the effect of the issue of the Equity Securities on the control of the Company;
 - iii. the financial situation and solvency of the Company; and
 - iv. advice from corporate, financial and broking advisers (if applicable).

Explanatory Statement to Shareholders

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resource assets or investments, it is possible that the allottees under the 10% Placement facility may be the vendors of the new resources assets or investments.

- f. The Company has not previously obtained approval under Rule 7.1A.
- g. The Notice of Meeting contains a voting exclusion statement. At the date of the Notice of Meeting, the Company has not approached any particular existing shareholder or class of shareholder to participate in the issue of the Equity Securities. Therefore, no existing shareholder's votes will be excluded under the voting exclusion in the Notice of Meeting.

RESOLUTION 6: RESIGNATION AND APPOINTMENT OF AUDITOR

The Directors propose that Ernst and Young be appointed as the Company's auditor with effect from the date on which the resignation of Stantons International as auditor takes effect. The written nomination by a shareholder of Ernst and Young as auditor of the Company is provided to Shareholders in Annexure A to this Notice of General Meeting. Ernst and Young has given written consent to act as the Company's auditor in accordance with Section 328A(1) of the Corporations Act. If Resolution 6 is passed the appointment of Ernst and Young as the Company's auditor will take effect from the date on which the resignation of Stantons International takes effect (subject to ASIC consenting to the resignation of Stantons International).

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 (or CRP) 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 (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.

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



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