



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, 13 MAY 2014
AT 11.00AM 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 4883.

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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 WST

DATE: Tuesday, 13 May 2014

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. Gerry McGann, Managing Director, or 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 12.

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual report of the Company for the financial year ended 31 December 2013 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 2013 (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: Election of Director

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

“That, Mr. Matthew McCann being a Director of the Company who was appointed by the Board and who retires in accordance with the Company’s Constitution, and being eligible, is elected as a Director of the Company.”

RESOLUTION 3: Re-election of Director

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

“That, Mr. Mark Stowell 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 4: Issue of Options 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 400,000 Options to Mr. Matthew McCann, Director (or his nominee), 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. Matthew McCann 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 5: Ratification of previous 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 7.4

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 of 139,000 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 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 participated in the issue of Shares and any of its associates (as defined in the Corporations Act), Mr. John Whisler and Mr. Simon Adams 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.

RESOLUTION 6: 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 approve the issue of 4,000,000 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 proposed to be issued for the benefit of the Company’s USA based Executive Vice President 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. John Whisler and 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 7: Ratification of previous issue of Options to RMB Resources Limited, for the purpose of Listing Rule 7.4

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 of 5,000,000 Options to RMB Resources Limited, for the purpose and on the terms set out in the Explanatory Statement."

This Resolution related to the issue of Options to the Company's bankers in relation to a loan provided to the Company to acquire the Florence Oilfield project in Colorado, USA.

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by RMB Resources Limited, being the person who participated in the issue, or any of its 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.

EXPLANATORY STATEMENT

Shareholders are referred to, and should read, the Explanatory Statement accompanying and forming part of this Notice of AGM for further explanation of the Resolutions.

RESOLUTION 4 IS INTER-DEPENDENT ON RESOLUTION 2

Resolution 4 is dependent on Resolution 2 being passed.

All other Resolutions are not inter-dependent. This means that a Resolution (other than Resolution 4) can be passed by Shareholders even if one or more of the other Resolutions is not passed by Shareholders.

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. Chris Cronin. 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 11.00am WST on Sunday 11 May 2014 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 9th April 2014

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 12 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 2013 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 2013, 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 2013 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 2013, 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: ELECTION OF DIRECTOR (MR. MATTHEW McCANN)

The Board appointed Mr. Matt McCann as a Director on 3 April 2014.

The Constitution requires that a Director appointed by the Board to fill a casual vacancy must retire as a Director at the next annual general meeting of the Company.

Mr. McCann therefore retires at the Meeting in accordance with the Constitution and, being eligible, offers himself for election by Shareholders at the Meeting.

The profile of Mr. McCann is set out below.

Mr. McCann earned a Doctorate of Jurisprudence from the University of Oklahoma--College of Law in 1995 and a B.Sc. in Business Administration from the University of Vermont in 1991. In 2001, after serving in private practice in the US for 6 years, Mr. McCann became General Counsel at Riata Energy, Inc., which later became SandRidge Energy, Inc., a NYSE listed corporation. Before leaving SandRidge in 2007, he ultimately served as Senior Vice President, General Counsel, and Corporate Secretary. In 2007 Mr. McCann joined the Riata Corporate Group, a large privately owned group of companies that has substantial oil and gas interests in the US where he currently focuses on business development. He was Chief Executive Officer at TransAtlantic Petroleum Ltd, a TSX and NYSEMKT listed oil and gas exploration and production company from 2009 until 2011. He was instrumental in growing TransAtlantic from a junior explorer to a significant international oil and gas producer.

Mr. McCann brings substantial knowledge and experience in capital markets, acquisitions, and corporate strategy to Incremental and has a strong track record of building shareholder value.

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

RESOLUTION 3: RE-ELECTION OF DIRECTOR (MR. MARK STOWELL)

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 two Directors (excluding the Managing Director) and accordingly one must retire. Mr. Mark Stowell has agreed to retire by rotation in accordance with the Constitution and seeks re-election.

The profile of Mr. Stowell is set out below.

Mr. Stowell has been involved in the public company corporate sector for more than 20 years, formerly as a manager at Arthur Anderson Corporate, and has been involved in significant IPO and merger activity in the resource and energy sectors. Subsequently he has gained extensive experience at a board and management level in a number of successful ventures and as principal in a wide variety of industries. Mr. Stowell was a founder and board member for seven years of Anvil Mining Ltd, a significant African based copper mining company, listed on the ASX and subsequently the Toronto Stock Exchange ("TSX"). Mr. Stowell was a founder and a director of Incremental Petroleum Ltd from the company's inception in 2003, to acquisition of 1500 BOPD oilfield, ASX listing, profit growth and later its ultimate sale in 2009.

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

- Non-executive Director of Mawson West Ltd
- Non-executive Director of Orrex Resources Ltd
- Non-executive Director of Kula Gold Ltd.

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

RESOLUTION 4: ISSUE OF OPTIONS TO DIRECTOR (MR. MATTHEW MCCANN)

Subject to Resolution 2 being passed by Shareholders, the Company proposes to issue 400,000 Options to Mr. Matthew McCann (or his nominee), as part of Mr. McCann's remuneration package as a Director.

The terms and conditions of the issue of the 400,000 Options are set out in Annexure 1.

This Shareholder approval is required under Listing Rule 10.11 which 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.

If Resolution 2 is passed by Shareholders, Mr. McCann, as a Director, will be a Related Party of the Company. Accordingly, the proposed issue of 400,000 Options to Mr. McCann (or his nominee) 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 400,000 Options without using the Company's 15% placement capacity.

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in respect of the 400,000 Options:

- (a) The number of Options to be issued is 400,000.
- (b) The Options 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).
- (c) The issue price for the Options will be nil, at an exercise price of A\$0.07 per Option and will have an expiry date of 3 years after the date the Options are issued.
- (d) The recipient will be Mr. Matthew McCann (or his nominee).
- (e) The Options will be issued on the terms and conditions set out in Annexure 1.
- (f) No funds will be raised by the issue of the Options.

The independent Board (being those Directors other than Mr. McCann) has determined that the issue of 400,000 Options to Mr. McCann 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 4 in the terms set out in the Notice of Meeting.

The Board (with Mr. McCann abstaining) unanimously recommends that Shareholders vote in favour of Resolution 4.

RESOLUTION 5: RATIFICATION OF PREVIOUS 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 7.4

On 7 August 2013, the Company issued 139,000 Shares to Trinity Management Group Pty Ltd as trustee for the Incremental Oil and Gas Ltd Employee Share Trust ("**Trustee**") (the "**Trust**") without disclosure to investors under the exceptions provided in section 708 of the Corporations Act.

The Shares were issued to the Trustee as part of employee remuneration for employees (details below) and will be held by the Trustee on behalf of the employees until various performance conditions have been met by those employees. The 139,000 Shares were issued at A\$0.13 per Share.

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.

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.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, the issue of securities set out below so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Listing Rule 7.5 requires the following specific information to be provided:

- (a) 139,000 Shares were issued.
- (b) The issue price was A\$0.13 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 issued to Trinity Management Group Pty Ltd as trustee for the Incremental Oil and Gas Employee Share Trust, for the benefit of the two employees of the Company set out in the table below, subject to certain performance conditions being met. The number of Shares applicable to each employee and the applicable performance condition are also set out in the table below:

Employee Name	Position	No. of Shares	Performance condition
John Whisler	Executive Vice President, USA	131,000	50% of shares will be issued after 12 months of continuous service from the issue date, being 7 August 2013. 50% of shares will be issued after 24 months of continuous service from the issue date, being 7 August 2013.
Simon Adams	Chief Financial Officer	8,000	50% of shares will be issued after 12 months of continuous service from the issue date, being 7 August 2013. 50% of shares will be issued after 24 months of continuous service from the issue date, being 7 August 2013.

- (e) The Company did not raise any net funds through this issue of Shares.

The securities issued collectively comprise approximately 0.087% of the Company's share capital (as at the date of this document).

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.

A voting prohibition applies to Resolution 5 in the terms set out in the Notice of Meeting.

RESOLUTION 6: 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 Company proposes to issue 4,000,000 Shares to the Trustee as part of employee remuneration for Mr. John Whisler, Executive Vice President, USA, to be held by the Trustee on behalf of Mr. Whisler until various performance conditions have been met by Mr. Whisler (which are set out below).

The Employee Share Trust – How it works

See the Explanatory Statement for Resolution 5 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 for the issue of securities set out below so as 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 4,000,000 Shares to Mr. Whisler without using the Company's 15% placement capacity.

Listing Rule 7.3 requires the following specific information to be provided in respect of the 4,000,000 Shares:

- (a) The number of Shares to be issued is 4,000,000.
- (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 of the Shares will be the Volume Weighted Average Price of the Shares traded on the ASX during the 5 trading days before the Shares are issued.
- (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 in 4 tranches, subject to the following performance conditions being met:
 - Tranche 1 – 1,000,000 Shares, following close of a new project ("Project 1") acquisition which contributes an average of 150 gross barrels of oil equivalent per day ("boepd") for 30 days within the first 6 months of closing.
 - Tranche 2 – 1,000,000 Shares, following production of Project 1 reaching an average of 400 gross boepd over a continuous 6 month period.
 - Tranche 3 – 1,000,000 Shares, following close of a second new project ("Project 2") acquisition which contributes an average of 300 gross boepd for 30 days within the first 6 months of closing.
 - 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.
- (f) The Company will not raise any net funds through this issue of Shares.

The securities proposed to be issued will comprise approximately 2.50% of the Company's share capital (as at the date of this document).

A voting prohibition applies to Resolution 6 in the terms set out in the Notice of Meeting.

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.

RESOLUTION 7: RATIFICATION OF PREVIOUS ISSUE OF OPTIONS TO RMB RESOURCES LIMITED, FOR THE PURPOSE OF LISTING RULE 7.4

The Company issued 5,000,000 unlisted Options to RMB Resources Limited ("RMB") under the exceptions provided in section 708 of the Corporations Act in two tranches. 4,000,000 Options were issued to RMB on 27 June 2012 and 1,000,000 Options were issued to RMB on 27 November 2013. These Options were issued pursuant to an agreement between the Company, RMB and RMB Australia Holdings Limited in relation to an amendment of the repayment schedule of the remaining loan with RMB for the purchase of the Florence Oilfield in Colorado, USA in 2012, which was announced to the market on 5 July 2013 and 27 November 2013.

Listing Rule 7.1 provides that a company must not, without the approval of shareholders, issue "equity securities" if the securities will in themselves or, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of securities in the same class on issue at the commencement of that 12 month period, subject to specific exceptions.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, the issue of securities set out below so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Listing Rule 7.5 requires the following specific information to be provided:

Date of issue of Options	Number	Option Exercise Price	Option Exercise Period	Option Issue Price
7 August 2013	4,000,000	\$0.1485	By 27 July 2018	Nil
27 November 2013	1,000,000	\$0.1485	By 27 July 2018	Nil

The 5,000,000 Options are unlisted and were issued for a nil option issue price as they were issued as consideration for RMB and RMB Australia Holdings Limited agreeing to amend the repayment schedule of the loan that was provided to acquire the Florence Oilfield project in Colorado, USA and as such, the Company did not raise any funds through the issue of the Options to RMB. No vesting conditions apply to these Options and these Options do not carry a right to participate in dividends of the Company until they are converted into Shares at which time those Shares will rank equally with all existing Shares.

The full terms and conditions of the 5,000,000 Options are set out in Annexure 2.

A voting prohibition applies to Resolution 7 in the terms set out in the Notice of Meeting.

The Board unanimously recommends that Shareholders vote in favour of Resolution 7.

1. 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 2013, including the financial statement, Directors' report and Auditor's report for the financial year ended 31 December 2013.

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.

Option means an option to subscribe for a Share.

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.

ANNEXURE 1 – Option Terms (Resolution 4)

Incremental Oil and Gas Limited

ACN 138 145 114

Terms of Issue of Options – Mr. Matthew McCann

1. **Consideration for Grant and vesting:** No consideration is payable for the issue of the options and there are no vesting conditions in relation to the options.
2. **Right to Subscribe:** Each option gives the optionholder the right to subscribe for one fully paid, ordinary share in Incremental Oil and Gas Limited (“**Company**”), in accordance with these terms of issue.
3. **Exercise Price:** The exercise price payable upon exercise of each option is \$0.07 (“**Exercise Price**”).
4. **Expiry Date:** Each option automatically lapses at 5pm Perth time 3 years after the date the Options are issued (“**Expiry Date**”).
5. **Exercise Period:** Each option may be exercised at any time during the period commencing on the date of issue of the option and ending on the Expiry Date (“**Exercise Period**”).
6. **Method of Exercise:** Options may be exercised by lodging with the Company during the Exercise Period:
 - (a) a duly signed written notice of exercise, in the format specified by the Company from time to time, specifying the number of options which are being exercised (“**Exercise Notice**”); and
 - (b) a cheque for the Exercise Price for the options being exercised (or a telegraphic transfer of cleared funds or a direct credit of cleared funds to the Company); and
 - (c) the certificate of the options being exercised, for cancellation by the Company.

An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price for the options being exercised in cleared funds.
7. **Takeovers Warranty:** Delivery of the Exercise Notice will constitute a warranty from the optionholder to the Company that the issue of shares upon exercise of the options will not result in a breach of the takeovers provisions in the *Corporations Act 2001* in relation to the Company.
8. **Issue of Shares:** Within 5 business days after receipt of a valid Exercise Notice accompanied by full payment of the Exercise Price and the option certificate, the Company will:
 - (a) issue the number of shares specified in the Exercise Notice;
 - (b) cancel the certificate for the options being exercised and update the option register accordingly; and
 - (c) if applicable, issue a new option certificate for any unexercised options.
9. **Ranking:** All shares issued upon the exercise of option will rank *pari passu* in all respects with other ordinary shares of the Company from the date of issue.
10. **Transfer of Options:** The options are not transferrable.
11. **No Rights to Participate in New Issues:** The optionholder has no right or entitlement, without exercising the option, to participate in new issues of shares offered to the Company’s shareholders during the Exercise Period, whether by way of rights issue, bonus issue or other pro-rata offer of shares to shareholders. However the Company will ensure that for the purposes of determining entitlements to any such offer or issue, the record date will be a date at least 5 business days after the offer or issue is announced by the Company.
12. **Impact of Bonus Issue:** If the Company makes a “bonus issue” (as defined in the ASX listing rules) before the expiry date then upon exercise of an option the optionholder is entitled to have issued to it additional shares, in accordance with the requirements of Listing Rule 6.22.3 (or its replacement or successor).
13. **No Rights to Participate in Dividends:** The optionholder has no right or entitlement to participate in Company’s dividends.
14. **Capital reconstruction:** If there is a reorganisation of the issued capital of the Company before the Expiry Date then the number of options to which an optionholder is entitled, or the exercise price (or both) will be reconstructed (as appropriate) in accordance with Listing Rule 7.22 (or its replacement or successor). The rights of the optionholder under these Terms of Issue may be amended to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
15. **No other rights:** The optionholder has no rights or entitlements in addition to those set out above to a change in the exercise price, or a change to the number of shares over which the option can be exercised.
16. **Legal representatives:** These terms of issue are binding on the personal and legal representatives of the optionholder.
17. **Quotation:** The options are unlisted and quotation of the options will not be sought.

ANNEXURE 2 – Option Terms (Resolution 7)

Incremental Oil and Gas Limited

ACN 138 145 114

Terms of Issue of Options – RMB Resources Limited

1. **Consideration for Grant and vesting:** No consideration is payable for the issue of the options and there are no vesting conditions in relation to the options.
2. **Right to Subscribe:** Each option gives the optionholder the right to subscribe for one fully paid, ordinary share in Incremental Oil and Gas Limited (“**Company**”), in accordance with these terms of issue.
3. **Exercise Price:** The exercise price payable upon exercise of each option is \$0.1485 (“**Exercise Price**”).
4. **Expiry Date:** Each option automatically lapses at 5pm Perth time on 27th July 2018 (“**Expiry Date**”).
5. **Exercise Period:** Each option may be exercised at any time during the period commencing on the date of issue of the option and ending on the Expiry Date (“**Exercise Period**”).
6. **Method of Exercise:** Options may be exercised by lodging with the Company during the Exercise Period:
 - (a) a duly signed written notice of exercise, in the format specified by the Company from time to time, specifying the number of options which are being exercised (“**Exercise Notice**”); and
 - (b) a cheque for the Exercise Price for the options being exercised (or a telegraphic transfer of cleared funds or a direct credit of cleared funds to the Company); and
 - (c) the certificate of the options being exercised, for cancellation by the Company.

An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price for the options being exercised in cleared funds.
7. **Issue of Shares:** Within 5 business days after receipt of a valid Exercise Notice accompanied by full payment of the Exercise Price and the option certificate, the Company will:
 - (a) issue the number of shares specified in the Exercise Notice;
 - (b) cancel the certificate for the options being exercised and update the option register accordingly; and
 - (c) if applicable, issue a new option certificate for any unexercised options.
8. **Ranking:** All shares issued upon the exercise of option will rank *pari passu* in all respects with other ordinary shares of the Company from the date of issue.
9. **No Rights to Participate in New Issues:** The optionholder has no right or entitlement, without exercising the option, to participate in new issues of shares offered to the Company’s shareholders during the Exercise Period, whether by way of rights issue, bonus issue or other pro-rata offer of shares to shareholders. However the Company will ensure that for the purposes of determining entitlements to any such offer or issue, the record date will be a date at least 5 business days after the offer or issue is announced by the Company.
10. **Impact of Bonus Issue:** If the Company makes a “bonus issue” (as defined in the ASX listing rules) before the expiry date then upon exercise of an option the optionholder is entitled to have issued to it additional shares, in accordance with the requirements of Listing Rule 6.22.3 (or its replacement or successor).
11. **No Rights to Participate in Dividends:** The optionholder has no right or entitlement to participate in Company’s dividends.
12. **Capital reconstruction:** If there is a reorganisation of the issued capital of the Company before the Expiry Date then the number of options to which an optionholder is entitled, or the exercise price (or both) will be reconstructed (as appropriate) in accordance with Listing Rule 7.22 (or its replacement or successor). The rights of the optionholder under these Terms of Issue may be amended to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
13. **No other rights:** The optionholder has no rights or entitlements in addition to those set out above to a change in the exercise price, or a change to the number of shares over which the option can be exercised.
14. **Legal representatives:** These terms of issue are binding on the personal and legal representatives of the optionholder.
15. **Quotation:** The options are unlisted and quotation of the options will not be sought.