

incremental

OIL AND GAS

LTD

ABN 66 138 145 114

www.incremental油和gas.com
ASX Code: IOG

20 Howard Street
Perth WA 6000
PO Box Z5207
St George's Terrace
Perth WA 6831

Tel: 08 6144 0590
Fax: 08 6144 0593

30 October 2017

The Director
Merchant Holdings Pty Ltd

Dear Option Holder

PRO-RATA RENOUNCEABLE ENTITLEMENT OFFER

As you may be aware, Incremental Oil and Gas Limited (ASX:IOG) (**IOG**) today announced that it will be undertaking a pro-rata renounceable entitlement offer (**Entitlement Offer**) of new IOG ordinary shares (**New Shares**) on the basis of 1 New Share for every share held as at 7.00pm (AEDT) on 2 November 2017 (**Record Date**) to raise up to approximately \$2 million (before costs), together with 1 free attaching option (**New Option**) for every New Share issued. New Shares are being issued at an issue price of \$0.01 per New Share and applicants may apply for additional securities in excess of their entitlement. This offer replaces the previous offer explained in our letter dated 12 October 2017, which offer has been withdrawn by IOG.

The Entitlement Offer is being made under a prospectus for an offer to acquire continuously quoted securities (or options over them) prepared in accordance with section 713 of the *Corporations Act 2001* (Cth). IOG expects that the Entitlement Offer will close on 14 November 2017.

The Entitlement Offer is open only to IOG shareholders with registered addresses in Australia and New Zealand as at the Record Date. The ASX Listing Rules and the terms of your IOG options require IOG to notify you of your right to participate in an entitlement offer of shares and the Record Date for the Entitlement Offer.

Your options do not entitle you to participate in the Entitlement Offer. Assuming your options are currently exercisable, to participate in the Entitlement Offer in respect of your options you would need to exercise your options and be entered onto IOG's share register as a shareholder on or before the Record Date.

Please note that this letter is not an offer or invitation to acquire securities or to participate in the Entitlement Offer, and makes no comment as to whether or not your options are currently exercisable.

If you have any queries regarding your entitlement or your participation in the upcoming Entitlement Offer, please contact Mr Simon Adams, Company Secretary on +61 8 6144 0590.

Yours faithfully



Simon Adams
Company Secretary