

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

Dear Shareholder

INFORMATION FOR SHAREHOLDERS – PRO-RATA RENOUNCEABLE ENTITLEMENT OFFER

Incremental Oil and Gas Limited (ASX:IOG) (**IOG**) today announced 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 A\$2 million (before costs). Applicants will receive 1 free attaching option (**New Option**) for every New Share issued. New Shares will be issued at \$0.01 per New Share and applicants may apply for New Shares and New Options 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 This offer replaces the previous offer explained in our letter dated 12 October 2017, which offer has been withdrawn by IOG.

Only IOG shareholders with registered addresses in Australia and New Zealand on the Record Date are eligible to participate in the Entitlement Offer if they meet the eligibility criteria set out in the Prospectus (**Eligible Shareholders**). As the Entitlement Offer is renounceable, investors who purchase an entitlement from an Eligible Shareholder (during the entitlement trading period) may also exercise entitlements provided that they have a registered address in Australia or New Zealand and otherwise meet the eligibility criteria set out in the Prospectus (**Eligible Entitlement Holders**).

Eligible Shareholders and Eligible Entitlement Holders are collectively referred to as “**Eligible Offerees**”.

Any investor who is in the United States, is a US Person or is acting for the account or benefit of such persons or who is ineligible under all applicable securities laws to receive an offer under the Entitlement Offer will not be entitled to participate.

Eligible Offerees (other than directors and related parties of IOG) may, in addition to taking up their entitlement, apply for additional New Shares and free attaching New Options in excess of their entitlement under the ‘Top-Up Facility’ offered under the Entitlement Offer.

The Entitlement Offer is being made under a prospectus for an offer to acquire continuously quoted securities (or options over them) that has been prepared in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Prospectus**). If you have a registered address in Australia or New Zealand, you will receive a copy of the Prospectus and a personalised Entitlement and Acceptance Form.

The Prospectus is expected to be despatched on 3 November 2017 to Eligible Shareholders. A copy of the Prospectus has been lodged with the Australian Securities and Investments Commission, and released to the Australian Securities Exchange (**ASX**) today. A copy of the Prospectus is available on the ASX website (www.asx.com.au) and IOG's website (www.incremental油和gas.com).

Pursuant to the listing rules of ASX (**Listing Rules**), IOG is required to provide you with certain information before proceeding with the Entitlement Offer. This letter contains all the information required by Appendix 3B of the Listing Rules.

1. New Shares issued pursuant to the Entitlement Offer will be fully paid ordinary shares in the capital of IOG. The New Options will be options to acquire fully paid ordinary shares in the capital of IOG.
2. A maximum of 202,194,580 New Shares and 202,194,580 New Options will be issued pursuant to the Entitlement Offer (based on the number of shares on issue as at the Record Date, being 202,194,580 shares, and subject to rounding).
3. New Shares issued pursuant to the Entitlement Offer will rank equally in all respects from the date of issue with existing shares. Each share issued on exercise of a New Option will rank equally in all respects from the date of issue with other ordinary shares on issue.
4. The issue price of New Shares issued pursuant to the Entitlement Offer will be \$0.01 per New Share. The New Options are free attaching options on the basis of 1 New Option for every New Share issued. Each New Option issued will have an exercise price of \$0.02 per New Option and an expiry date of 29 November 2019 and will otherwise be issued on the terms set out in the Prospectus.
5. IOG will apply for quotation of both the New Shares and New Options issued pursuant to the Entitlement Offer on the official list of the ASX.
6. The purpose of the Entitlement Offer is to enable IOG to:
 - acquire a circa 94% working interest (which will equal a circa 82% net revenue interest) in the Borie Oil Field in the Denver Basin (**Borie Project**); and
 - fund working capital towards further development of IOG's projects.

If, for any reason, the acquisition of the Borie Project does not close, then the funds intended for that acquisition are proposed to be used to acquire a project of similar scale and quality or, if such a project cannot be acquired on terms acceptable to the Company, on working capital for the further development of IOG's projects.

7. New Shares and New Options issued pursuant to the Entitlement Offer will be issued on 20 November 2017.
8. The total number and class of all securities quoted on ASX (including the maximum number of New Shares and New Options to be issued under the Entitlement Offer), subject to rounding and assuming no existing options are exercised before the Record Date is as follows:

Class	Number
Existing shares as at date of Prospectus	202,194,580
New Shares issued under Entitlement Offer	202,194,580
TOTAL	404,389,160

Class	Number
Quoted options as at date of Prospectus	0
New Options issued under Entitlement Offer	202,194,580
TOTAL	202,194,580

9. The following are the securities of IOG not quoted on ASX:

Class	Number
Options exercisable at \$0.1485 each on or before 27 July 2018	5,000,000

10. All New Shares issued pursuant to the Entitlement Offer will have the same dividend entitlements as existing shares (to the extent any dividends are declared). The New Options do not carry any dividend rights until they are exercised and shares are issued.
11. No shareholder approval for the Entitlement Offer is required. The New Shares and New Options will be issued pursuant to an exception in ASX Listing Rule 7.2 for pro-rata offers. IOG has not sought approval to issue equity securities under ASX Listing Rule 7.1A.
12. The Entitlement Offer is renounceable. This means that Eligible Shareholders may sell all or part of their entitlement (on ASX or otherwise) if they choose to.
13. Eligible Shareholders who wish to:
 - a. Sell all of their entitlement on ASX should instruct their stockbroker and provide details as requested on the Entitlement and Acceptance Form.
 - b. Sell part of their entitlement on ASX and take up the remaining part and/or wish to allow a remaining part to lapse should:
 - i. in respect of the entitlement to be sold, instruct their stockbroker and provide details as requested on the Entitlement and Acceptance Form; and
 - ii. in respect of the part of their entitlement they wish to take up, complete and return their Entitlement and Acceptance Form with the requisite application monies or pay the requisite application monies by BPAY® by following the instructions set out in their Entitlement and Acceptance Form.
 - c. Sell their entitlement other than on ASX must send a completed Renunciation and Transfer Form (available from IOG's registry) to IOG's registry by 5.00pm (AEDT) on 14 November 2017 together with application monies payable (from the buyer) and the Entitlement and Acceptance Form (in respect of the New Shares being applied for by the buyer). A Renunciation and Transfer Form may only be used for issuer sponsored holdings and IOG's registry will not process any transfers involving broker sponsored/CHESS sponsored holdings.
14. Trading of entitlements on ASX will commence on 1 November 2017 and end on 7 November 2017.
15. New Shares offered under the Entitlement Offer will be offered on the basis of 1 New Share for every share held by the IOG shareholder at 7.00pm (AEDT) on Thursday, 2 November 2017.
16. The offer under the Entitlement Offer relates to New Shares and free attaching New Options.
17. The Record Date to determine entitlements is 7.00pm (AEDT) on 2 November 2017.
18. Where fractions arise in the calculation of entitlements, the number of New Shares and New Options will be rounded up to the nearest whole number.
19. Only Eligible Offerees will be eligible to participate in the Entitlement Offer. In compliance with Listing Rule 7.7.1, IOG has decided that it is unreasonable to make the offer to shareholders with registered addresses outside Australia and New Zealand having regard to each of the following:
 - the number of shareholders registered outside of Australia and New Zealand;

- the number and value of the shares that would have been offered to shareholders outside of Australia and New Zealand; and
- the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

In accordance with Listing Rule 7.7, IOG has appointed CPS Capital Group Pty Ltd (**CPS Capital**) as nominee to sell the entitlements to which ineligible shareholders are entitled and remit net proceeds (if any) to them.

20. The closing date for receipt of acceptances and renunciations is 5.00pm (AEDT) on Tuesday, 14 November 2017 (unless extended).
21. The Entitlement Offer is not underwritten.
22. CPS Capital has been appointed to act as lead manager to the Entitlement Offer. CPS Capital will receive a lead manager fee of \$30,000 (exclusive of GST) and a placement fee of 6% (exclusive of GST) on any shortfall placed. Also, the Company reserves the right to pay a fee of up to 6% (exclusive of GST) of amounts subscribed under valid applications procured by brokers holding an Australian Financial Services Licence.
23. The Prospectus and Entitlement and Acceptance Form will be despatched to Eligible Shareholders by no later than 3 November 2017.
24. Existing option holders may participate in the Entitlement Offer upon exercise of their options (if they are entitled to exercise their options at this time). IOG sent a notice to option holders on 30 October 2017 to notify option holders of their right to participate in the Entitlement Offer upon exercise of their options.
25. It is anticipated that New Shares issued under the Entitlement Offer will commence trading on a normal (T+2) settlement basis on 21 November 2017.

The above information was provided to the ASX on 30 October 2017.

Key Dates for Entitlement Offer (subject to change)

Announcement of Entitlement Offer	Monday, 30 October 2017
“Ex” date (shares now trade without right to participate in the Entitlement Offer) Entitlement trading to commence on a deferred settlement basis	Wednesday, 1 November 2017
Record Date for determining Entitlement to subscribe for New Shares and New Options	7.00pm (AEDT) on Thursday, 2 November 2017
Entitlement Offer opens	Friday, 3 November 2017
Entitlement trading ends	Tuesday, 7 November 2017
New Shares and New Options quoted on a deferred settlement basis	Wednesday 8 November 2017
Closing date for Entitlement Offer (Closing Date)	5.00pm (AEDT) on Tuesday, 14 November 2017
Issue of New Shares and New Options and dispatch of confirmation of issue Deferred settlement trading of New Shares ends	Monday, 20 November 2017
Normal trading of New Shares on ASX	Tuesday, 21 November 2017

The directors of IOG reserve the right to extend the closing date for the Entitlement Offer (subject to the Listing Rules).

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

Signed for and on behalf of IOG



Simon Adams
Company Secretary

30 October 2017

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Person.

Dear Shareholder

PRO-RATA RENOUNCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE OVERSEAS SHAREHOLDERS

As you may be aware, Incremental Oil and Gas Limited (ASX:IOG) (**IOG**) is currently undertaking a pro-rata renounceable entitlement offer (**Entitlement Offer**) under a transaction specific prospectus for an offer to acquire continuously quoted securities (or options over them) that has been prepared in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Prospectus**). 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 undertaken on the basis of 1 new ordinary shares in the capital of IOG (**New Share**) for every share held, at an issue price of \$0.01 per New Share, to raise up to approximately \$2 million before costs. Applicants will receive 1 free attaching option (**New Option**) for every New Share issued. New Shares issued under the Entitlement Offer will rank equally with other IOG shares on issue and applicants may apply for additional securities in excess of their entitlement. The New Options will have an exercise price of \$0.02 per New Option and an expiry date of 29 November 2019 and will otherwise be issued on the terms set out in the Prospectus.

IOG expects that the Entitlement Offer will close on 14 November 2017. Details of the Entitlement Offer were released to the Australian Securities Exchange (**ASX**) on 30 October 2017.

Proceeds of the Entitlement Offer (net of costs) will be used to:

- acquire a circa 94% working interest (which will equal a circa 82% net revenue interest) in the Borie Oil Field in the Denver Basin (**Borie Project**); and
- fund working capital towards further development of IOG's projects.

If, for any reason, the acquisition of the Borie Project does not close, then the funds intended for that acquisition are proposed to be used to acquire a project of similar scale and quality or, if such a project cannot be acquired on terms acceptable to the Company, on working capital for the further development of IOG's projects.

The Entitlement Offer is being extended only to investors who meet all of the following criteria (**Eligible Shareholders**):

- they are registered as a holder of shares at 7.00pm (AEDT) on the record date of 2 November 2017;
- they have a registered address in Australia or New Zealand;

- they are not in the United States or a US Person or acting for the account or benefit of such persons; and
- they are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

As the entitlements are renounceable, they can be traded. Any investor who purchases the entitlement of an Eligible Shareholder (during the entitlement trading period) who has a registered address in Australia and New Zealand, who is not in the United States or a US Person or acting for the account or benefit of such persons and who is eligible under all applicable securities laws to receive an offer under the Entitlement Offer, will also be entitled to participate in the Entitlement Offer.

Unfortunately, as you do not satisfy the eligibility criteria to be classified as an Eligible Shareholder (because you have a registered address outside of Australia and New Zealand), IOG is unable to extend to you the opportunity to participate in the Entitlement Offer.

Under the terms of the Entitlement Offer, you are not eligible to subscribe for New Shares and New Options and you will not be sent a copy of the Entitlement Offer documents. You would also (for the reasons outlined above) not be eligible to participate in purchasing entitlements during the entitlement trading period.

This letter is to inform you about the Entitlement Offer, the details of which are provided above, and is not an offer to issue New Shares or New Options to you, nor an invitation for you to apply for New Shares or New Options. You are not required to do anything in response to this letter. However, see further information below regarding the sale of entitlements that would otherwise have been offered to you.

The restrictions upon eligibility are because of legal limitations in some countries, the relatively small number of shareholders in those countries, the relatively small number of Shares those shareholders hold and the potential cost of complying with regulatory requirements in those countries. IOG has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders with registered addresses in countries other than Australia and New Zealand. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), this letter advises you that IOG will not be extending the Entitlement Offer to you.

As the Entitlement Offer is renounceable, in accordance with ASX Listing Rule 7.7 the Company has appointed CPS Capital Group Pty Ltd (**CPS Capital**) as nominee to sell the entitlements to New Shares and New Options that would otherwise have been available for subscription by ineligible shareholders (**Entitlements**). CPS Capital will have the absolute and sole discretion to determine the timing and price at which the Entitlements will be sold and the manner of any such sale.

The proceeds of the sale of Entitlements will firstly be applied against expenses of such sale, including brokerage.

The balance of the proceeds will then be forwarded (as soon as practicable) to the ineligible shareholders, in proportion to their share of such Entitlements. If the net proceeds of sale are less than the reasonable costs that would be incurred by the Company in distributing those proceeds, such proceeds may be retained by the Company.

You may receive no net proceeds if the costs of sale are greater than the sale proceeds. In this regard, CPS Capital will not be required to sell Entitlements at a particular price.

Neither the Company nor CPS Capital will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of CPS Capital, there is no viable market for Entitlements, or a surplus over the likely expenses of sale cannot be obtained, then those Entitlements will be allowed to lapse.

If you have any questions in relation to any of the above matters or this letter, please seek professional advice or contact me.

Signed for and on behalf of IOG

A handwritten signature in blue ink, appearing to read 'S. Adams', is written over a light blue rectangular background.

Simon Adams
Company Secretary

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Person. Neither the Entitlements (or any other entitlements) nor the New Shares or New Options have been or will be registered under the Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

Note: The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation and needs.