

18 February 2010

The Company Announcement Platform
Australian Securities Exchange
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

ACQUISITION OF HAWKLEY OIL AND GAS LIMITED

Highlights:

- **Incitive has entered into an agreement to acquire an oil and gas exploration and development company, Hawkley Oil and Gas Limited.**
 - **Hawkley owns two licences, each with significant potential and known quantities of hydrocarbons in place and the prospect of production in the very near term.**
 - **The current well (#201) is being twinned with a previous production well (well 110) which flowed at 8.4mmcf per day on a production test. Production totalled 3.1bcf and 118,000 barrels of condensate before a mechanical failure caused the well to be abandoned. Hawkley plans to run the well at the controlled rate of 4.0mmcfcpd and 120bcpd.**
 - **The current target has (independently) estimated recoverable reserves of 13.6bcf and 400,000 barrels of condensate. The gas is high quality and low in impurities.**
 - **The well is close to infrastructure and gas is sold on a forward basis at the metering station at the net-back European Gas price, currently at around \$9/mcf. Condensate trades at a premium to crude.**
 - **The Hawkley team has a proven track record of running successful, profitable operations in Ukraine.**
 - **The acquisition will involve a significant change in the nature and scale of Incitive's activities and accordingly, the Company will seek to comply with Chapters 1 and 2 of the ASX Listing Rules if the proposal is approved by shareholders.**
 - **As part of the change of focus of Incitive as a result of the acquisition the Company will, subject to shareholder approval, proceed to distribute 80% of its shareholding in its wholly owned subsidiary, Sarantis Pty Ltd, pro rata to Incitive Shareholders.**
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Incitive Limited (**Incitive** or **Company**) wishes to announce its intention to change the focus of its activities to oil & gas exploration and development. This change of focus is a consequence of a review of the Company's life science/biotechnology business, which has resulted in the Board forming the view that it is necessary to expand its business beyond the biotechnology sector.

To that end, Incitive is pleased to announce that it has entered into an agreement with Janita Global Limited, a BVI registered private company, (trading as Hawkley Oil & Gas Limited) (**Hawkley**) and its major shareholders, under which the Company has agreed to make offers to acquire (directly and indirectly) all of the shares in Hawkley (**Acquisition**). Please refer to Section 4 for further details regarding the terms of the Acquisition.

The Acquisition will involve a significant change in the nature and scale of Incitive's activities and accordingly, it will need to comply with Chapters 1 and 2 of the ASX Listing Rules if the proposal is approved by Shareholders.

Shareholders would be aware that the Company presently operates as an immunology research and development company. The Company's core assets are located in its wholly owned subsidiary, Sarantis Pty Ltd (**Sarantis**). As part of the change of focus of Incitive as a result of the Acquisition the Company will, subject to Shareholder approval, proceed to distribute 80% of its shareholding in Sarantis pro rata to Incitive Shareholders who hold Incitive shares on the record date following the general meeting that is convened to approve the distribution (**Demerger**). Please refer to Section 9 of this announcement for further details of the Demerger.

Incitive Executive Chairman, Mel Bridges states, "the Hawkley acquisition has full board support as an opportunity for shareholders to maximise returns whilst retaining a majority share in the future upside that the Sarantis therapeutic pipeline may deliver. The intention is to seek partners to take those programs forward," Mr Bridges added.

The Acquisition, Demerger and associated transactions are subject to Shareholder approval. Shareholder approval will be sought by way of a general meeting of Shareholders to be held on or about 31 March 2010. Shareholder will be sent a Notice of Meeting with further details regarding the Acquisition, Demerger and approvals sought, in due course.

1. HAWKLEY ASSETS AND PROSPECT HIGHLIGHTS

Hawkley is an oil & gas company with assets in the Dnieper–Donets Basin in Ukraine. Hawkley has acquired two licences, each with significant potential and known quantities of hydrocarbons in place and the prospect of production in the very near term.

1.1 The Dnieper-Donets Basin

Discovery History

Oil shows in the Dnieper-Donets basin were first recorded in 1936 in the cap rock of a salt dome. The first significant commercial discovery was in 1950, when the giant Shebelinka gas field was discovered in Lower Permian rocks at a depth of 1,300m. The first oil discovery was made during the same year, in Carboniferous rocks in the Radchenkov field. A number of other significant oil and gas fields were found during the following 10–15 years. In the mid 1960's, the efficiency of exploration decreased, as progressively smaller fields were found. The number of new discoveries however, increased along with the drilling depths. In the late 1990's, the U.S. Geological Survey studies identified the presence of a large unconventional basin-centered gas accumulation that encompasses much of the Dnieper-Donets basin area and extends into the Donbass fold-belt.

At least 25 fields in the basin produce from depths greater than 5km (Kabyshev and Shpak, 1988). At present, more than 200 oil and gas fields have been discovered. The majority of the reserves are heavily concentrated in three gas fields and three oil fields, the latest of which was found in 1965. According to Petroconsultants (1996), discovered hydrocarbon reserves exceed 11.5 billion BOE, of which 86 percent is gas. Ukrainian geologists report in-place resources of oil and gas that indicate that recoverable reserves may be somewhat larger. Reserves of the largest gas field, the Shebelinka field is slightly more than 18 tcf gas. Lower Permian rocks contain the greatest portion of the reserves. These reservoirs are sealed by salt. Most of the hydrocarbons were sourced from Devonian and Lower Carboniferous marine rocks. Estimated undiscovered resources of oil and gas in the Dnieper- Donets Basin are shown in Table 1.

	F95	F50	F5	Mean
Oil (mmbo)	86	1,019	2,353	1,098
Gas (bcfg)	6.986	23,203	43.370	24,051

Table 1 – Estimated undiscovered Resources in the Dnieper-Donets Basin.

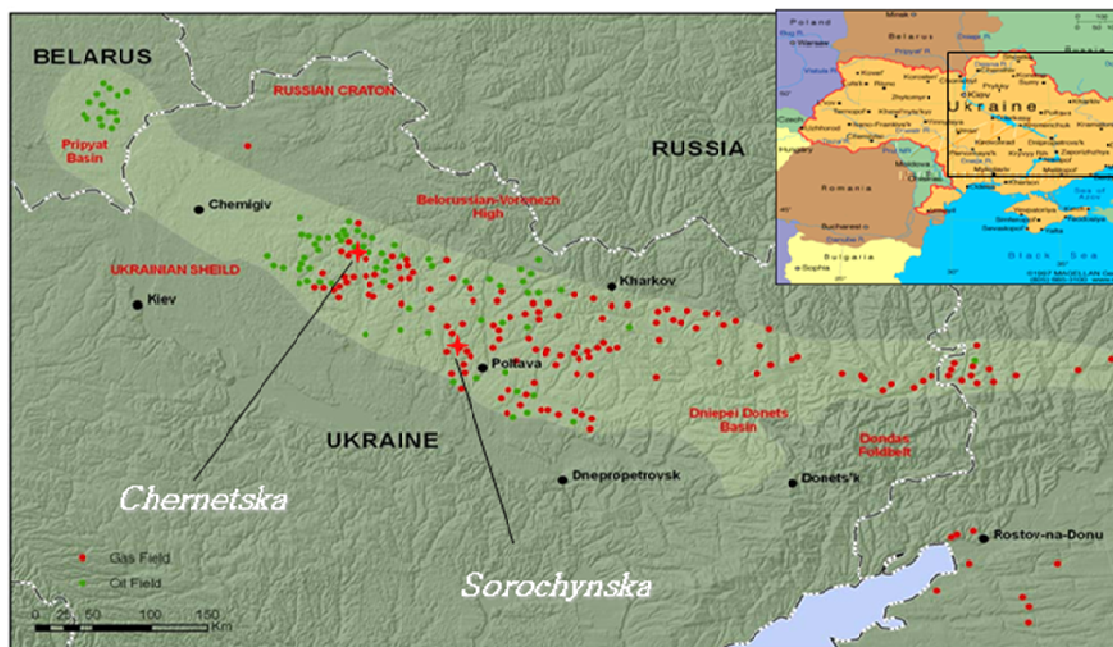


Figure 1 – Dnieper – Donets Basin showing Hawkey’s Projects.

1.2 Project and Regional Highlights

- The Projects have well developed infrastructure. The maximum distance from any proposed well to a major international trunk line is 7km.
- The Licenses are owned 100% by Hawkey’s wholly owned subsidiary, Prime-Gas LLC.
- Product is low in impurities and methane content is typically 90%, processing costs are low.
- The first Well #201 at the Sorochynska Project was spudded on 2 November 2009.
- The first Well at the Chernetska Project will target the B20 oil horizon.

- (f) An environmental approval has been obtained for the Sorochynska Well #201.
- (g) Hawkley has extensive operating experience in the Ukraine.
- (h) Ukraine is Europe's fourth largest gas market – c2.6tcf/year and the third largest gas producer – c700bcf/year.
- (i) The Projects are located in the Dnieper-Donets Basin. The most prolific gas basin in the Ukraine according to the USGS (2000) expected discoveries in the basin are at 27tcf.
- (j) The Ukraine is desperately in need of domestic gas supplies but there is little state budget for development.
- (k) Local gas prices have recently attained net-back parity with European gas prices.
- (l) Ukraine recently took on an IMF loan of US\$12b, in part in return for greater transparency and deregulation of the gas market.

1.3 Current Hawkley Projects

Hawkley has retained Moyes & Co., Inc. of Dallas, Texas, as an independent geological consultant to review, audit and assess the Ukrainian State Balance reserves, review existing and planned infrastructure and to provide a development plan for the two licenses. Moyes & Co has extensive experience in the USA, Indonesia, Canada and the former USSR.

Subsequently they were asked to provide a desk top analysis of the SPE categories. Moyes relied on data and information provided by Hawkley. They visited the site in 2008. Tables 2 and 3 below show the results of this work alongside the reserves and resources according to the Ukrainian State Balance

Sorochynska Gas and Condensate field

The Sorochynska Gas-Condensate Project is located about 320 km east of Kiev in the Poltava region of Ukraine, 3km to the west from Velyki Sorochynska village.

The area has a mature well developed infrastructure. Within 7km of the license is a new gas plant that is already connected to the main trunkline

The License is an Exploration License which include the rights for pilot production (on a commercial basis) prior to obtaining a Production License. The License terms are that geological studies are to be undertaken and one well is to be drilled within the License area.

Location of the field	Myrgorodskiy District, Poltavaska Region
Subsurface natural resources	Natural gas and gas condensate
Right of use natural resources	Exploration, including pilot production
Total area of the field	96.90 sq. km
Date of issuance	14 August 2007
Duration	5 years

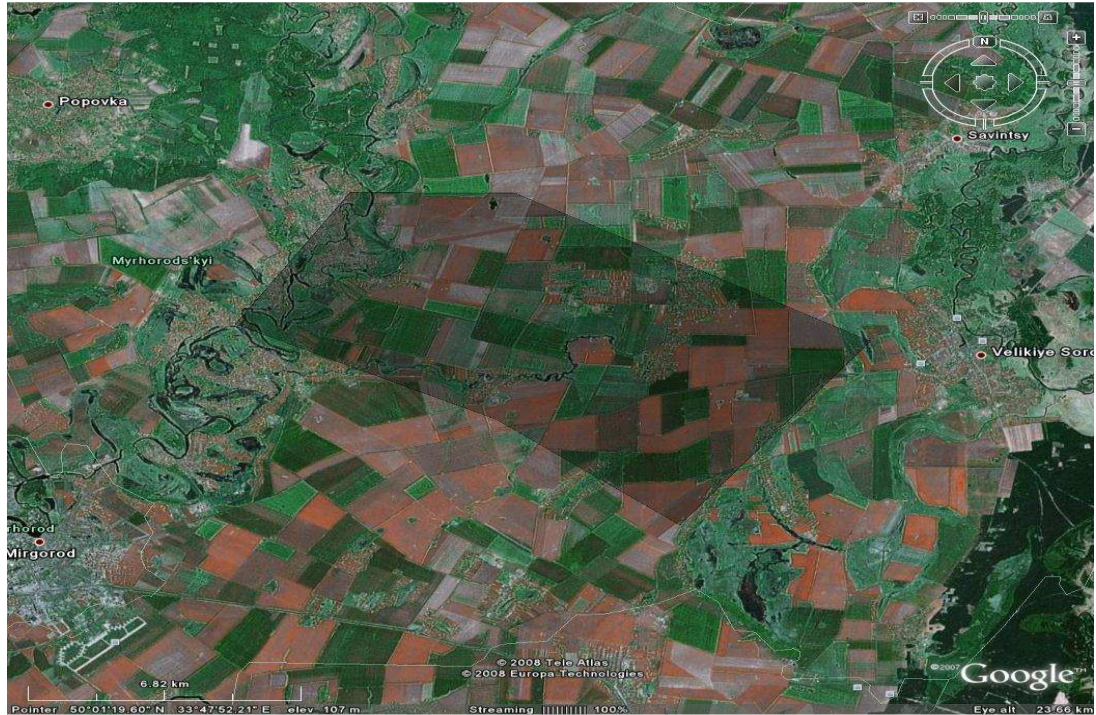


Figure 3 - Location of the Sorochynska License (Google Earth).

The Sorochynska gas-condensate project is located on the southern slope of the Malosorochynsko-Radchenkivske structural zone in the central part of the Dnieper-Donets depression. It belongs to the Glynsko-Solokhyvske oil-and-gas bearing sub-basin.

Sorochynska License							
Reservoir	Ukrainian Reserve / Resource Category	Ukraine State Balance GIP/OIP			Moyes & Co Unrisked in place (P50)		
		Gas (bcf)	Oil (bbls)	Cond (bbls)	Gas (bcf)	Oil (bbls)	Cond (bbls)
B18	C1	31.42		1.60	27.20		1.10
B18	C2	31.59		1.02			
B18	C3	76.90					
B24/25	C2	234.60			197.40		6.90
B24/25	C3	95.80			120.80		4.60
Total License		470.32	-	2.62	319.70	-	11.80

Table 2 – Sorochynska Reserves and Resources, State Balance & Moyes & Co.

The Sorochynska Field contains two hydrocarbon bearing horizons (B-18B and B-24/25) in the Visian sandstones of the Lower Carboniferous. The B-18b reservoir is located on the northern slope of a monoclinical block. The reservoir is a stratigraphic pinch-out, broken into separate tectonic blocks bounded by faults with amplitudes of 10-50 meters. Within the field two wells # 469 and # 110 produced 7.7 bcf of gas and 227,000 bbls of condensate. Both wells had mechanical failures.

Remaining reserves are estimated according to the State Balance for the B-18b reservoir as 139.9bcf of gas and 2.6 mbbls of condensate. Moyes Consider the

B18b horizon to contain reserves and the B24/25 horizon contingent resources, based on the data supplied by the company.

Well # 201 currently drilling (as of the 9 February, 2010 at 2,700m) in block # 110 (TD 4,200m) is estimated to recover 57% of the remaining recoverable reserves of the block. A second well would recover an additional 18%. The Well #201 is expected to produce 13.6 bcf of gas and 400 mbbbls of condensate.

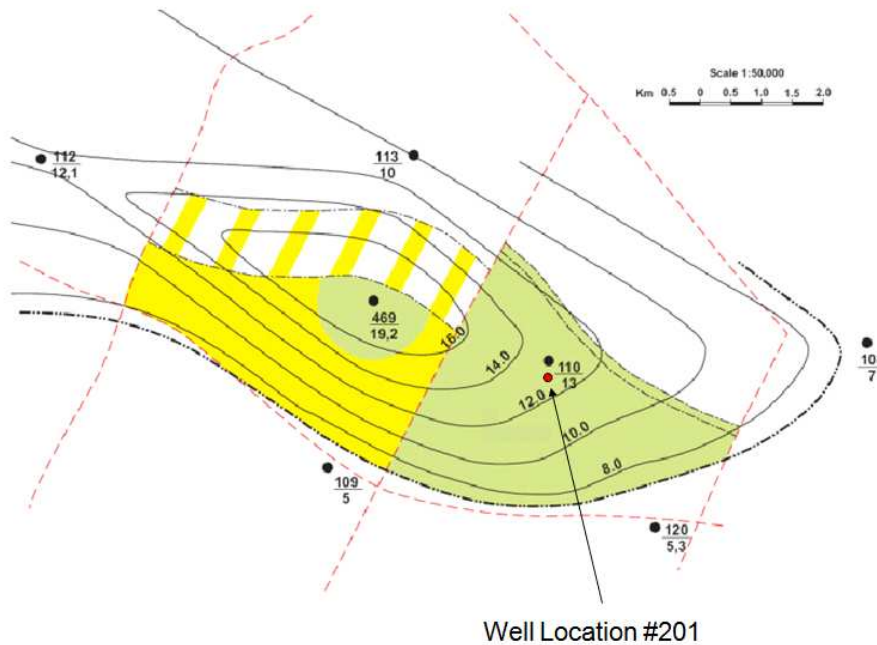


Figure 4 – Porosity Map – Well #201 Location

A well is planned in the B-24/25 horizon in 2011.

Chernetska Oil and Gas Field

The Chernetska Gas-Condensate Project is located about 300 km north of Kiev in the Talalayvskiy district of the Chernigiv region of Ukraine, about 2 kilometres to the southeast of the village of Chernetska.

The area has a mature well developed infrastructure. A network of pipelines that are part of the United Energy System of Ukraine pass through the License area.

The License is an Exploration License which include the rights for pilot production (on a commercial basis) prior to obtaining a Production License. The License terms are that reprocessing of the seismic data studies are to be undertaken and one well is to be drilled within the License area.

Location of the field	Talalayivskiy District, Chernygiv Region
Subsurface natural resources	Oil and natural gas
Right of use natural resources	Exploration including pilot production
Total area of the field	51.67 sq. km
Date of issuance	19 July 2007
Duration	5 years



Figure 5 – Location of the Chernetska License (Google Earth).

The Chernetska gas-condensate project is located in the northwestern part of the Dnieper-Donets Basin in the Glynsko-Solokhyvske oil-and-gas bearing sub-basin.

Chernetska License							
Reservoir	Ukrainian Reserve / Resource Category	Ukraine State Balance GIP/OIP			Moyes & Co Unrisked in place (P50)		
		Gas (bcf)	Oil (bbbls)	Cond (bbbls)	Gas (bcf)	Oil (bbbls)	Cond (bbbls)
B20	C2				9.60	9.60	
B21/22	D1	247.10			155.00		10.90
B24/25	C3	255.68			346.00		12.10
Total License		502.78	-	-	510.60	9.60	23.01

Table 3 – Chernetska Reserves and resources, state balance & Moyes & Co.

The Chernetska Field contains three hydrocarbon bearing horizons (B-20, B-21/22 and B-24/25) in the Visian sandstones and limestones of the Lower Carboniferous.

Well Slob #321 intersected oil in the B-20 horizon near the oil-water contact. The Well initially flowed at 920 bopd. Recent seismic studies have shown a three way up dip fault bounded reservoir that is expected to contain 9.6 mbbbls of oil. The first well will be drilled into this target.

The B-21/22 reservoir is the up dip pinch out extension of the Zymnytska and Voloshka fields to the south of the license area. Well Zim #3 (Zymnytska Field) is currently flowing at 5.3 mmcf/d gas and 403 bbls condensate per day. Well Volo #14 (Voloshka Field) is currently flowing at 11.7 mmcf/d gas and 1,008 bbls condensate per day. The B-21/22 horizon is a secondary target within the License. The wells drilled into the B-24/25 horizon will also intersect the B-21/22 horizon and will be tested if hydrocarbons are detected.

The primary target within the License is the B-24/25 reservoir. The reservoir consists of a Viséan platform carbonate with biohermal development which is up to 150 m thick. The well logs show zones of areas of high fracture density with cavities and vugs in the limestone. Three wells drilled in the late 1980's tested commercial gas flows - Lak #7 tested 1.44 mmcf/d, Lak #2 tested 1.84 mmcf/d and well Slob #3 tested 0.78 mmcf/d. Initial drilling is planned in the south east. Based on the data supplied Moyes have categorised these resources as contingent resources while those of the B20 and the B21/22 horizons as prospective resources.

Wells will be tied in to four gas conditioning plants that will be built and connected to the Magistral trunk line. A total of 34 wells are planned for the Chernetska license. Figure 6 shows the full development of the project, including the four gas plants.

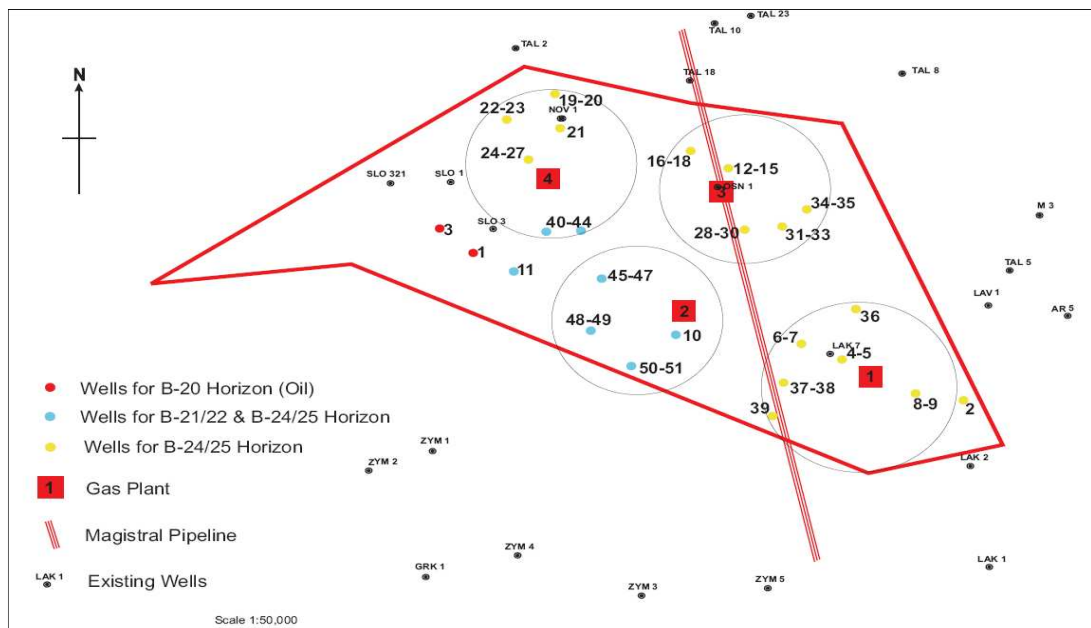


Figure 6 – Development plan for Chernetska.

1.4 Corporate Objectives

The priority of Hawkey in the short term to medium term is to generate significant cash flow to assess and to develop the fields into commercial production. In the long term Hawkey is committed to the creation of a successful upstream oil and gas company.

Short Term

Hawkey's short term objectives are as follows:

Sorochynska Project

- (a) Complete the drilling and testing of Well #201 with a planned total depth of 4,200m at Sorochynska.
- (b) Complete the 7km pipeline to the nearby Gas Plant and commence production.
- (c) The Well #201 is expected to produce 13.6 bcf of gas and 400 mbbls of condensate.

- (d) If successful, it is expected that the well will produce at the controlled rate of 4.0 MMCF of gas and 120 bbls of condensate per day, generating revenue of cUS\$17 mill per annum at current prices.

Chernetska Project

- (e) Commence the drilling of Well #001 to test the B-20 oil horizon - planned total depth of 4,160m at Chernetska.

Medium Term

Hawley’s medium term objectives are as follows:

- (a) A strong cash flow is the medium term objective of Hawley.
- (b) Commencement of appraisal and development drilling in the B21 and the B24/25 horizons.
- (c) Hawley is targeting additional Licenses through the public auctions.
- (d) Hawley is targeting appropriate acquisitions.

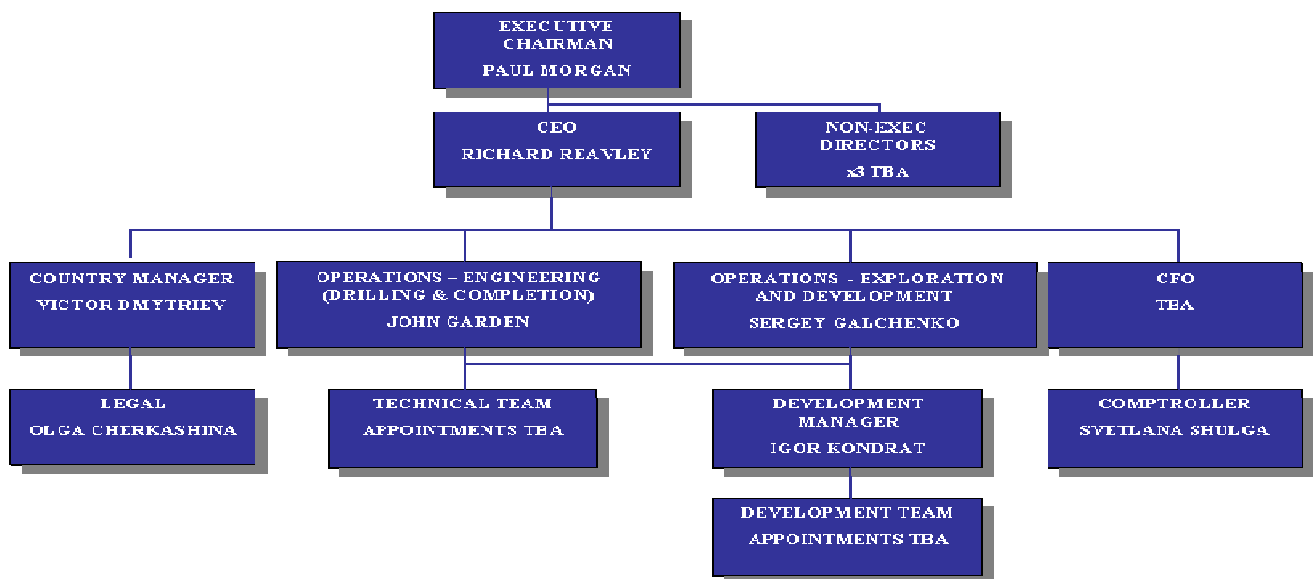
Long Term

The long-term plan is the creation of first class independent oil and gas company and a portfolio of assets that will provide substantial returns for the company’s shareholders.

2. HAWKLEY STRUCTURE AND MANAGEMENT

2.1 Organisational Structure

An organisational chart indicating the proposed management structure of Hawley is set out below:



2.2 Technical Management

At the present time, Hawley has a small technical management team. Hawley has retained a number of independent technical consultants, having specialized experience to provide technical expertise to Hawley in connection

with the design of its Phase 1 assessment program, permitting and regulatory compliance, the drill program, seismic testing and resource and reserve estimation.

Following completion of the assessment program, and dependent upon the results thereof, Hawkley intends to develop the depth of its technical management with skill sets and disciplines necessary to continue the logical development of the Project.

A summary of the key independent technical consultants currently retained, or planned to be retained, by Hawkley is set forth below:

Geology and Exploration Program Design

Drilling

Hawkley has retained Deadeye Engineering Inc. of Calgary, Alberta, to coordinate the provision of all drilling services necessary to undertake Hawkley's planned drilling program on the Project. Mr. John Garden, the principal of Deadeye Engineering Inc., has extensive experience in cold weather drilling in Alaska, Canada, Siberia and the Ukraine.

Drilling Rigs

Hawkley commenced drilling Well #201 on 2 November 2009. Hawkley has entered into a fixed price contract in respect of the joint Stock company Bukros Well, due for completion in the second quarter of 2010. The relatively tight rig availability that has been present in the country in the last few years has eased recently. Although the situation can be quite fluid Hawkley would expect to be able to secure two further rigs to drill three wells at Chernetska. These rigs are western rigs and will drill the wells in one or two months less than the local rigs.

3. GROWTH STRATEGY

The key to both of the above projects is that there are multiple zones saturated with hydrocarbons. Hawkley requires capital for a plan that will allow it to produce from the reserves and to prove up additional reserves from the large significant resources estimated to be 1.5tcf of gas. Further rounds of capital would then be required to fully develop the fields.

The medium to long term objective of Hawkley is to create an oil and gas production company with robust cash flows and reserves in the region of 250 million barrels of oil equivalent. Hawkley believes this can be achieved through the successful bids for new licenses via the state auction process and acquisitions at both the corporate and asset level, both of which are described below.

New Licenses

The Ukrainian government has committed to restart the licensing auction process at the earliest opportunity. Further license acquisition targets have been identified and Hawkley is actively engaged in conversations with the relevant ministries and government agencies to ensure that they are well positioned to participate as soon as the process begins.

Shareholders should note that there is no guarantee that any applications for licenses will be granted which could in turn have an adverse impact on Hawkley's activities going forward.

Acquisitions

There are few companies that are well positioned to take advantage of the excellent opportunities in Ukraine. Hawkley has a significant competitive advantage through the strength of its local connections and contacts and it look for deals that contain certain characteristics such as current or near term production, clean title with 100% ownership, close to infrastructure and operational control within a simple legal structure. In recent months with the Global Financial Crisis is starting to be felt in the Ukraine, a unique window of opportunity has opened and the deal flow has improved.

Shareholders should note that there is no guarantee that future acquisitions will be made by Hawkley which could in turn have an adverse impact on Hawkley's activities going forward.

4. HAWKLEY ACQUISITION TERMS

100% of the share capital of Hawkley is held, (either legally or beneficially), by Ukraine Investments Limited, Ukraine Gas Investments Limited, Ballure Trading Limited and certain founding individuals.

The Company, Cygnet Capital Pty Ltd (**Cygnet**), Hawkley and certain major shareholders in Hawkley have entered into an implementation agreement (**Implementation Agreement**) under which the Company has agreed to make separate offers (**Offers**) to:

- (a) the shareholders of Hawkley (excluding Ukraine Investments Limited and Ukraine Gas Investments Limited);
- (b) the shareholders of Ballure Trading Limited;
- (c) the shareholders of Ukraine Investments Limited;
- (d) the shareholders of Ukraine Gas Investments Limited; and
- (e) Avenger Investment Holdings Limited.

(together, the **Hawkley Vendors**) to acquire:

- (a) all of the fully paid ordinary shares held in Ukraine Investments Limited;
- (b) all of the fully paid ordinary shares held in Ballure Trading Limited;
- (c) all of the fully paid ordinary shares held in Ukraine Gas Investments Limited; and
- (d) all other shares held in Hawkley (excluding those which are held by Ukraine Investments Limited and Ukraine Gas Investments Limited),

and:

- (e) satisfy repayment of a loan made by Avenger Investment Holdings Limited and Viktor Dmytriev to Hawkley by the issue of shares in the Company,

and thereby, directly and indirectly, acquire all of the issued share capital of Hawkley (**Acquisition**).

The Offers (and therefore the Acquisition) are conditional on:

- (a) provision by Ukraine Gas Investments Limited of no less than \$1,000,000 to Hawkley and receipt by Hawkley of that amount;
- (b) completion of Ukraine Gas Investments Limited of a capital raising of a minimum of \$3,900,000 and receipt by Hawkley of that amount from Ukraine Gas Investments Limited by no later than 26th February 2010 pursuant to convertible note arrangements between those parties;
- (c) the Company completing legal, financial and operational due diligence on Hawkley and its subsidiaries and their assets and the Company being satisfied with the results of that due diligence (in its sole and absolute discretion);
- (d) Hawkley completing legal, financial and operational due diligence on the Company and its subsidiaries and their assets and Hawkley being satisfied with the results of that due diligence (in its sole and absolute discretion);
- (e) the Company obtaining all necessary regulatory and shareholder approvals required to complete the Acquisition, including, without limitation, shareholder approval to:
 - (i) change the nature and/or scale of Incitive's activities in accordance with ASX Listing Rule 11.1.2;
 - (ii) proceed with a general offer to the public under the Prospectus to issue Incitive Shares at a price of \$0.20 each (on a post-Consolidation basis) to raise a minimum of \$5,500,000 (in accordance with ASX Listing Rule 7.1) (**Capital Raising**);
 - (iii) proceed with a consolidation of Incitive's existing issued shares on the basis of one (1) share for every twenty six point six seven (26.67) shares held (**Consolidation**);
 - (iv) issue Incitive Shares certain the creditors of Hawkley (in conjunction with a cash payment to be made to those creditors to satisfy debt owing by Hawkley); and
 - (v) allot and issue shares and performance shares in the capital of the Company (where relevant) as consideration to the Hawkley Vendors in accordance with the Implementation Agreement, the ASX Listing Rules and the Corporations Act;
- (f) the Company complying with any requirements of ASX including, if necessary, the requirements of Chapters 1 and 2 of the ASX Listing Rules, including issuing a prospectus, as if the Company were applying for admission to the official list of ASX (as required by ASX Listing Rule 11.1.3);
- (g) the Company preparing a prospectus for the Capital Raising and, if necessary, lodging a prospectus (**Prospectus**) with the ASIC and receiving sufficient applications to meet the minimum subscription under the Prospectus; and
- (h) the Company becoming entitled to acquire 100% of the Hawkley Shares as a result of each Hawkley Vendor accepting the Offers;

- (i) execution of underwriting agreements and a mandate letter in respect of the Capital Raising in a form acceptable to Hawkley and Incitive.

The consideration to be paid to the Hawkley Vendors for 100% of Hawkley Shares will be the issue of:

- (a) 153,826,925 fully paid ordinary shares; and
- (b) 32,962,963 performance shares (convertible on, in relation to the 2 oil and gas licences held by Hawkley, drilling of well number 201, and a recoverable 1P reserve of value exceeding USD\$36,000,000 being independently verified),

(in each case on a post-Consolidation basis) which will be apportioned amongst the Hawkley Vendors in proportion to their interests in Hawkley (held either directly or indirectly).

As part of the Acquisition, it is intended that:

- (a) Messrs Richard Reavley, Paul Morgan will join the board of Incitive (a brief on the proposed directors are presented below);
- (b) all of the existing directors of Incitive will resign; and
- (c) Incitive will change its name to "Hawkley Oil and Gas Limited" to more accurately reflect the nature of the new business of the Company.

5. PROPOSED DIRECTORS

Paul J Morgan – Executive Chairman

Mr Morgan has 35 years public company experience and is a qualified geologist with over 30 years' experience in developing countries. Mr Morgan spent 14 years with Chevron Oil Company and was a former member of the Advisory Board of Resource Capital Finance. Mr Morgan was the founding Director of Gabriel Resources and former Executive Chairman of Canadian listed Goldbelt Resources Ltd. Mr Morgan's Ukrainian experience comes from being the former Chairman and Chief Executive Officer AIM listed Regal Petroleum.

Richard I Reavley – Chief Executive Officer

Mr Reavley has 10 years experience working in the London's financial sector and the natural resource industry. Mr Reavley has in depth experience managing oil and gas assets in Europe and Central Asia. He was a former director of Goldbelt Resources (TSX) BSc, MBA (Finance)

6. CAPITAL STRUCTURE

On the basis that Incitive completes the Acquisition, Capital Raising and Consolidation on the terms set out above, Incitive's capital structure will be as follows (post Consolidation):

SHARES (post-Consolidation)

Current ICV Issued share capital	19,129,659
Shares issued to Hawkley Vendors	153,826,576
Shares issued to Cygnet Capital	3,749,531
Shares issued under Prospectus Capital Raising	27,500,000
Shares issued to Hawkley Creditors	7,553,739

TOTAL SHARES	<u>211,759,505</u>
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OPTIONS (post-Consolidation)

Options exercisable at \$5.330 on or before 1 March 2010	28,121
Options exercisable at \$5.330 on or before 1 September 2010	14,998
Options exercisable at \$5.33 on or before 21 November 2010	50,619
Options exercisable at \$5.33 on or before 11 August 2011	3,750
Options exercisable at \$2.67 on or before 19 November 2011	37,495
Options exercisable at \$0.27 on or before 30 June 2012	2,249,719

Options issued to Cygnet, exercisable at \$0.20 on or before 31 January 2014	11,248,594
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Options issued to Cygnet exercisable at \$0.20 on or before 31 January 2014	14,758,155
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TOTAL OPTIONS	<u>28,391,451</u>
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Performance Shares issued to Hawkley Vendors	32,962,913
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7. BALANCE SHEET

A draft pro-forma Balance Sheet for Incitive incorporating the effect of the Acquisition is attached to this ASX announcement.

8. ANTICIPATED TIMETABLE

The anticipated timetable for completion of the Acquisition of and the balance of the matters referred to above is set out below:

Event	Date
Execution of Agreement and Announcement of Acquisition	17 February
Dispatch Notice of Meeting seeking approval for Acquisition	2 March
Suspension of Incitive's securities from trading on ASX at the opening of trading	24 March
Lodgement of Prospectus with the ASIC	24 March
Opening of Offer for Capital Raising under the Prospectus	31 March
Opening of Offer to Hawkley Vendors for Acquisition under the Prospectus	31 March
General Meeting to approve Acquisition and Change in Nature and Scale of Activities	31 March
Closing Date of Offer to Hawkley Vendors for Acquisition under the Prospectus	14 April
Closing Date of Offer for Capital Raising under the Prospectus	23 April
Settlement of Acquisition	27 April
Anticipated date the suspension of trading is lifted and Incitive's securities commence trading again on ASX	3 May

This timetable is subject to change and the directors reserve the right to amend the timetable at any time. The directors of Incitive will use their best endeavours to cooperate with all parties to ensure the Acquisition is completed as expeditiously as possible.

The directors of Incitive and Hawkley unanimously recommend the Acquisition. It is the view of the Incitive and Hawkley directors that the Acquisition will give the merged entity's shareholders the opportunity to participate in a potentially significant exploration and development programme in respect of oil and gas projects.

9. DEMERGER

As referred to above, the give effect to the change in nature of its activities, the Company proposes to restructure its operations through the demerger of 80% of its interest in Sarantis to its Shareholders.

Subject to the Company obtaining Shareholder approval for the Acquisition, the Company will distribute approximately 80% of its shareholding in Sarantis to Incitive Shareholders and give Incitive Shareholders an 80% equity interest (collectively) in Sarantis. The Company meanwhile will retain a 20% equity interest in Sarantis. As a consequence, Sarantis will cease to be classed as a 'subsidiary' of the Company.

Pursuant to the equal reduction of capital, the Company will make a pro rata distribution of 510,188,014 Sarantis Shares it currently holds (being the 80% equity interest in Sarantis) to the Company's Shareholders. Based on the number of Company Shares currently on issue (being 510,188,014 on a pre-Consolidation basis), each of the Company's Shareholders will receive 1 Sarantis Share for every 1 Incitive Share held on the record date following the general meeting that is convened to approve the distribution (**Return Shares**).

Following the in specie distribution of Sarantis Shares to Incitive's Shareholders, Incitive's assets will primarily relate to oil & gas, with only a minority interest remaining in the life science/biotechnology industry.

A pro-forma balance sheet of Sarantis as at 31 December 2009 is annexed to this announcement. This shows the financial position of Sarantis as it would be following completion of the Demerger.

Shareholders should refer to the Notice of Meeting seeking approval of the Demerger for further information in this regard.

Competent Person

The technical information provided in this announcement has been compiled by Mr Paul Morgan, the current chairman of Hawkey Oil & Gas Limited and a qualified geologist with over 30 years experience. Mr Morgan is a member of the Society of Petroleum Engineers. Mr Morgan has reviewed the results, procedures and data contained in this announcement. Mr Morgan consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears.

BALANCE SHEETS

A draft pro-forma Balance Sheet for Incitive incorporating the effect of the Acquisition is set out below.

INCITIVE GROUP PRO-FORMA BALANCE SHEET AT 31 DECEMBER 2009

	\$000's
Current assets	
Cash and cash equivalents	8,923
Trade and other receivables	1,192
Inventory	<u>207</u>
Total current assets	10,322
Non current assets	
Deferred exploration and evaluation	8,995
Plant property and equipment	<u>9</u>
Total non current assets	9,004
Total assets	19,326
Current liabilities	
Trade and other payables	<u>386</u>
Total current liabilities	386
Total liabilities	386
Net assets	18,940
Equity	
Share capital	12,733
Accumulated profits	53
Foreign exchange reserve	2,263
Option reserve	3,891
Total equity	18,940

Notes

1. The exchange rates used for creating the balance sheet were:-
1AUD = 0.91USD and 1UAH = 0.1252 USD.

A draft pro-forma Balance Sheet for Sarantis incorporating the effect of the Demerger is set out below.

SARANTIS PTY LTD POST DE-MERGER BALANCE SHEET AT 31 DECEMBER 2009

	\$000's
Non current assets	
Plant property and equipment	1
Other	3
Total non current assets	<u>4</u>
Total assets	<u>4</u>
Net assets	<u>4</u>
Equity	
Accumulated profits	4
Total equity	<u>4</u>