

24 June 2010

Dear Shareholder

**DEMERGER OF BIOTECHNOLOGY ASSETS
HAWKLEY OIL AND GAS LIMITED (FORMERLY INCITIVE LIMITED)**

On 6 May 2010, Shareholders approved the Demerger of the Company's Biotechnology Assets, subject to various conditions which were set out in the explanatory memorandum attached to the Notice of Meeting dated 31 March 2010.

The demerger process involves an in-specie distribution of 510,188,014 shares in the subsidiary Sarantis Pty Ltd, to Shareholders who were shareholders of the Company at the Record Date being 15 May 2010. Subject to the demerger being implemented, the Company also intends to issue 78,562,500 Sarantis Options to Shareholders in proportion to their holdings in the Company as at the Record Date.

The demerger is subject to receipt of a favourable tax ruling from the Australian Taxation Office. If this tax ruling is not received then the demerger will not proceed. To date, the Company has not received an approval nor any indication of timing from the Australian Taxation Office.

It was anticipated that the demerger would occur shortly after completion of the Implementation Agreement that was completed on 22 June 2010. Shareholders will be informed of the timeframe as soon as it is determined.



Ian Hobson
Company Secretary

