

INCITIVE LIMITED

ACN 115 712 162

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Shareholders of Incitive Limited (**Company**) will be held in The Boardroom of Vincents, Level 21, 300 Queen Street, Brisbane, Queensland 4000 at 11am (AEST) on 20 February 2009.

Resolution 1 – Approval for issue of shares under Convertible Loan

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

‘That, pursuant to Listing Rule 7.1, approval be given to:

- convert the \$474,975 payable under the Convertible Loan Agreements (**Loan Agreements**) for the issue and allotment of 94,995,000 shares in the Company; and
- convert the interest payable on the loan for the issue of 4,681,394 shares in the Company

to the lenders under the Loan Agreements, being sophisticated or professional clients of Cygnet Capital Pty Ltd (**Cygnet**), on the terms set out in the Explanatory Memorandum.’

Resolution 2 – Approval for issue of shares to Director

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

‘That, pursuant to Listing Rule 10.11 and for all other purposes, approval be given to:

- convert \$25,025 payable under a Convertible Loan Agreement (**Related Loan**) with an entity associated with Mr Winton Willesee (on the terms referred to in Resolution 1) (**Related Lender**), for the issue of 5,005,000 shares in the Company; and
- convert the interest payable on the Related Loan for the issue of 250,113 shares in the Company,

to the Related Lender, on the terms set out in the Explanatory Memorandum.’

Note: if approval is obtained under Listing Rule 10.11, approval is not required under Listing Rule 7.1, as set out in the Explanatory Memorandum.

Resolution 3 – Approval for issue of shares under Convertible Loan Mandate

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

‘That, pursuant to Listing Rule 7.1, approval be given for the issue of 5 million shares to Cygnet as part consideration for Cygnet’s role in managing the capital raising by way of Convertible Loan (referred to in Resolution 1), which shall be issued on the terms set out in the Explanatory Memorandum.’

Resolution 4 – Approval for issue of shares under Underwriting Agreement

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

‘That, pursuant to Listing Rule 7.1, approval be given for the issue of 25 million shares to Cygnet as part consideration for Cygnet’s role in underwriting a non renounceable rights issue, which shall be issued on the terms set out in the Explanatory Memorandum.’

Dated 21 January 2009**By Order of the Board****R. C. Brown****Company Secretary**

Notes

In accordance with Listing Rule 14.11.1, the Company will disregard any votes cast on:

- Resolution 1 – Cygnet, each person who will participate in the issue, and their associates
- Resolution 2 – Winton Willesee and his associates
- Resolution 3 – Cygnet and its associates
- Resolution 4 – Cygnet and its associates

however, the Company need not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote, in accordance with the instructions on the proxy form; or it is cast by a 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.

Further information in relation to these resolutions is set out in the Explanatory Memorandum which accompanies this Notice of Meeting.

Explanatory Memorandum

The accompanying Explanatory Memorandum forms part of this Notice of Extraordinary General Meeting and should be read in conjunction with it.

Entitlement to Vote

For the purposes of the Extraordinary General Meeting, in accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that for the purposes of the meeting, all shares in the Company will be taken to be held by the persons set out in the register of shareholders at 7.00pm (Brisbane time) on 18 February 2009. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the Extraordinary General Meeting of the Company.

Appointing a Proxy

A member is entitled to attend and vote at a meeting of members and may appoint not more than two people as the member's proxy to attend and vote for the member at the meeting. The proxy need not be a shareholder of the Company. A proxy form is included with this Notice of Meeting.

To vote by proxy, the proxy form (and the original or a certified copy of any power of attorney under which it is signed) must be received by the Company Secretary at C/- Vincents, GPO Box 35, Brisbane, Queensland 4001 or by fax at 07 3319 6002 by not later than the close of business on 17 February 2009. Any proxy form received after that time will not be valid for the scheduled meeting.

If you appoint the Chairman of the Extraordinary General Meeting as your proxy and do not specify how the Chairman is to vote on an item of business, the Chairman will vote (if permitted under the proxy form), as a proxy for you, in favour of the resolutions.

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Instructions for Completing ‘Appointment of Proxy’ Form

1. A Shareholder entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder’s voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a Shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - two directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary, that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy’s authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.

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EXPLANATORY MEMORANDUM

The purpose of this Explanatory Memorandum is to provide shareholders with information to assist them in assessing the merits of the resolutions contained in the accompanying Notice of Extraordinary General Meeting of Incitive Limited (**Incitive**).

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Background

At the Company's Annual General Meeting held on 20 November 2008, shareholders approved the conversion of \$500,000 payable under two Convertible Loan Agreements (**Loan Agreements**) and accrued interest thereon to the date of the meeting, into 14,560,692 ordinary shares in the Company. The same number of options exercisable at \$0.05 per option were also approved for issue.

Approval was also given for the issue of 1,500,000 ordinary shares to Cygnet as part consideration for Cygnet's role in managing the capital raising by way of the Convertible Loan.

The various share and option issues were to be completed within three months of the approval, being 20 February 2009. At the date of this Notice of Meeting, none of these securities have been issued.

Subsequent to the Annual General Meeting, the Directors agreed in principle to seek shareholder approval to revise some of the terms on which the loan amounts would convert and the quantum of the fee payable to Cygnet. This decision was in response to a request by Cygnet on behalf of the Lenders, that the conversion conditions be revised, having regard to the current share price of the Company and the prevailing economic and capital market conditions.

The Company, Cygent and the Lenders (now Noteholders) agreed to vary the terms, All Noteholders have signed the revised terms to the Loan Agreements and the Mandate engaging Cygnet, which are expressed to be subject to shareholder approval as required by the Listing Rules. Approval is sought at the EGM to vary the terms of the Loan Agreements and the Mandate as outlined in this Explanatory Memorandum.

The proposed changes to the conversion terms are as follows:

CONVERSION TERMS APPROVED AT AGM	PROPOSED REVISED CONVERSION TERMS
Conversion at ratio of \$0.035 cents per share resulting in an issue of 14,560,692 shares	Conversion at ratio of 0.5 cents (\$0.005) per share resulting in an issue of 100 million shares (representing an increase of 85,439,308 shares).
Issue of 14,560,692 option exercisable at \$0.05 per option.	No options to be issued (representing a decrease of 14,560,692 options).

It is also proposed that the number of shares to be issued to Cygnet for arranging the Convertible Loans be increased from 1.5 million to 5 million shares (representing an increase of 3.5 million shares that are to be issued).

The revised terms also include provision for a fully underwritten (by Cygnet) non renounceable one for one rights issue at \$0.005 per share, to raise approximately \$758,900. These funds would be applied to the Company's ongoing operations and the evaluation of new business opportunities. An underwriting fee of 6% and 25 million shares will be payable to Cygnet.

Following completion of the above transactions, the issued capital of the Company will comprise:

	Shares	Options
Current	46,850,000	2,600,000
Placement Fee (Dec 07)	-	1,000,000
Convertible Note	100,000,000	-
Interest payable on Convertible Loan	4,931,507	
Rights Issue	151,781,507	-
Convertible Note Fees	5,000,000	-
Underwriting Fees	<u>25,000,000</u>	<u>-</u>
	<u>333,563,014</u>	<u>3,600,000</u>

Please note, Resolution 1 gives effect to the revised conversion terms of the convertible loans, excluding the convertible loan of \$25,025 by an entity associated with Winton Willesee for which specific approval is sought under Resolution 2. Resolution 3 gives effect to the revised terms of the fee that is payable to Cygnet.

Resolution 4 gives effect to a new proposal that Cygnet receive 5 million shares as part of a fee for Cygnet acting as underwriter for a non-renounceable rights issue to be offered in February or March 2009.

If Resolutions 1, 2 and 3 are not passed, securities will be issued by the Company in accordance with the approvals received at the AGM by 20 February 2009.

Further explanatory material in respect of each resolution is set out below.

Resolution 1 – Approval for issue of shares under revised terms of Convertible Loan

Resolution 1 seeks shareholder approval in accordance with Listing Rule 7.1 for the conversion of the Convertible Loan Agreements (**Loan Agreements**) dated 22 September 2008 and 26 September 2008 and issue of shares to the named lenders under the Loan Agreements in full satisfaction of the obligations thereunder.

The conversion of the Loan Agreements for shares under the terms of the Loan Agreements is conditional upon shareholder approval of the issue in accordance with Listing Rule 7.1.

Incitive entered into the Loan Agreements, under which \$474,975 was raised (**Loan Amount**) from various lenders for the purpose of funding working capital requirements and to pursue new business opportunities.

Interest has accrued on the Loan Amount at 12% per annum, calculated daily. As at the date of the Extraordinary General Meeting, the interest payable will be:

- in respect of the Loan Agreement dated 22 September 2008, \$11,242.59 (calculated on a loan amount of \$224,975 over 152 days);
- in respect of the Loan Agreement dated 26 September 2008, \$12,164.38 (calculated on a loan amount of \$250,000 over 148 days):
totalling \$23,406.97 (**Interest Amount**).

It is proposed that shareholders approve the conversion of the:

- Loan Amount for 94,995,000 shares; and
- Interest Amount for 4,681,394 shares.

The shares are being issued at an agreed conversion price of 0.5 cents per share.

The conversion of the Loan Amount and Interest Amount, and issue and allotment of 99,676,394 shares will fully satisfy the Company's obligations under the Loan Agreements (excluding the convertible loan referred to in Resolution 2). Upon conversion, the security over the Company's assets will be released and the Loan Agreements will be at an end.

Listing Rule 7.1

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

By this Resolution, the Company seeks to obtain shareholder approval for a proposed issue of securities in accordance with the Listing Rules and so as to preserve its ability to issue securities representing up to 15% of the Company's issued capital over the next 12 months without prior approval of shareholders.

The information requirements for shareholder approval under Listing Rule 7.1 are set out in Listing Rule 7.3. In accordance with those requirements, the Company advises:

- the Company seeks the approval to issue a total of 99,676,394 shares (**Shares**).

- the securities will be issued to the named lenders under the Loan Agreements, who are sophisticated or professional investors introduced by Cygnet, who will each receive securities in proportion to their contribution to the Loan Amount.
- the securities will be issued and allotted within 3 months of obtaining the approval.

Shares

- the Shares are being issued at an agreed conversion price of 0.5 cents per Share.
- the Shares will rank parri passu with other ordinary shares in the Company and the Company will seek quotation of the shares on ASX.

Directors' Recommendation

The Board recommends that shareholders vote in favour of approving the issue of shares under this resolution.

Resolution 2 – Approval for issue of shares to Director

The Company proposes to issue 5,005,000 shares to an entity associated with Mr Winton Willesee (**Related Lender**) under Resolution 2 which represents the conversion of the loan amount of \$25,025 advanced by the Related Lender under a Convertible Loan agreement on terms substantially the same as those outlined in Resolution 1.

Listing Rule 10.11 requires the approval of ordinary shareholders to issue securities to a related party. A director is a 'related party' for the purposes of Listing Rule 10.11. Mr Winton Willesee is a director of the Company and therefore a related party. All entities associated with Mr Winton Willesee, including the Related Lender, are deemed related parties also under Listing Rule 10.11.

Interest has accrued on the Related Loan at 12% per annum, calculated daily. As at the date of the Extraordinary General Meeting, the interest payable in respect of the Related Loan will be \$1,250.56 (calculated on a loan amount of \$25,025 over 152 days) (**Interest Amount**).

It is proposed that shareholders approve the conversion of the:

- Related Loan for 5,005,000 shares; and
- Interest Amount for 250,113 shares,

totalling 5,255,113 shares

The following information is provided to members for the purpose of Listing Rule 10.13:

- The maximum number of shares to be granted to the Related Lender is 5,255,113.
- The shares are being issued at an agreed conversion price of 0.5 cents per share.
- The shares will be issued by the Company to the Related Lender no later than 1 month after the date of this Extraordinary General Meeting.
- The shares are intended to be issued to fully satisfy the \$25,025 loan amount advanced under the Convertible Loan by the Related Lender and \$1,250.56 interest payable on that sum. The loan was initially sought for the purpose of funding working capital requirements and to pursue new business opportunities.

- All shares issued will rank *pari passu* with the existing shares at the date of issue and allotment.
- The Company intends to apply to ASX for quotation of the shares issued.

Directors' Recommendation

The Board (excluding Mr Winton Willesee) recommends that shareholders vote in favour of approving the issue of shares under this resolution.

Resolution 3 – Approval for issue of shares under Convertible Loan Mandate

Resolution 3 seeks shareholder approval in accordance with LR 7.1 for the issue of 5 million shares to Cygnet Capital Pty Ltd (**Cygnet**) as part consideration for Cygnet's role in managing the capital raising by way of Convertible Loans (referred to in Resolutions 1 and 2) that was announced on 29 August 2008.

The revised terms of the management engagement were set out in a mandate agreement dated 2 December 2008 (**Revised Mandate**). The original Mandate was dated 28 August 2008.

Under the terms of the Revised Mandate, Cygnet is entitled to be issued 5 million shares in the Company, subject to shareholder approval being received at the Extraordinary General Meeting. The 5 million shares represents an increase of 3.5 million shares from the terms of the original Mandate. Approval for the issue is sought at the Extraordinary General Meeting.

Listing Rule 7.1

Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

By this resolution, the Company seeks to obtain shareholder approval for a proposed issue of securities in accordance with the Listing Rules so as to preserve its ability to issue securities representing up to 15% of the Company's issued capital over the next 12 months without prior approval of shareholders.

The information requirements for shareholder approval under Listing Rule 7.1 are set out in Listing Rule 7.3. In accordance with those requirements, the Company advises:

- the Company seeks the approval of shareholders to issue 5 million shares within 3 months of obtaining the approval;
- the securities will be issued to Cygnet pursuant to the terms of the Revised Mandate and therefore issued for nil consideration, representing part consideration for the management of the capital raisings under the Convertible Notes; and
- the shares will rank *parri passu* with other ordinary shares in the Company and the Company will seek quotation of the shares on ASX.

Directors' Recommendation

The Board recommends that shareholders vote in favour of approving the issue of shares to Cygnet.

Resolution 4 – Approval for issue of shares under Underwriting Agreement

Resolution 4 seeks shareholder approval for the issue of 25 million shares to Cygnet as part consideration for Cygnet's role in underwriting the Rights Issue.

The terms of the underwriting engagement were set out in a mandate agreement dated 2 December 2008 (**Agreement**).

Under the terms of the Agreement, Cygnet is entitled to be paid a fee of 6% and to be issued 25 million shares in the Company, subject to shareholder approval. Approval for the issue of the shares pursuant to the Agreement is sought at the Extraordinary General Meeting.

Listing Rule 7.1

Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a Company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

By this resolution, the Company seeks to obtain shareholder approval for a proposed issue of securities in accordance with the Listing Rules and so as to preserve its ability to issue securities representing up to 15% of the Company's issued capital over the next 12 months without prior approval of shareholders.

The information requirements for shareholder approval under Listing Rule 7.1 are set out in Listing Rule 7.3. In accordance with those requirements, the Company advises:

- the Company seeks the approval of shareholders to issue 25 million shares within 3 months of obtaining the approval;
- the securities will be issued to Cygnet pursuant to the terms of the underwriting agreement and therefore issued with a \$Nil issue price; and
- the shares will rank *parri passu* with other ordinary shares in the Company and the Company will seek quotation of the shares on ASX.

Directors' Recommendation

The Board recommends that shareholders vote in favour of approving the issue of shares to Cygnet.

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PROXY FORM

I/We

being a Shareholder of Incitive Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of Proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Extraordinary General Meeting to be held in The Boardroom of Vincents, Level 21, 300 Queen Street, Brisbane, Queensland 4000 at 11am (AEST) on 20 February 2009 and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of each resolution.

Voting on Business of the Extraordinary General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Approval for issue of shares under Convertible Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval for issue of shares to Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval for issue of shares under Convertible Loan Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval for issue of shares under Underwriting Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ORIf you do **not** wish to direct your proxy how to vote, please place a mark in this box ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman will vote in favour of all of the resolutions if no directions are given.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.

Continued on following page

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

Signed this _____ day of _____ 2009

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Company Secretary

Signature

Sole Director and Sole Company Secretary

Voting by Proxy

To vote by proxy, please complete and sign this proxy form and either:

- send the proxy form by facsimile to the Company on facsimile number 07 3319 6002 (International: + 61 7 3319 6002); or
- deliver or mail the proxy form to the Company Secretary at C/-Vincent's, GPO Box 35, Brisbane, Queensland 4001, so that it is received not later than the close of business on 17 February 2009. Proxy forms received later than this time will be invalid.