

30 October 2015

ASX : IOG

QUARTERLY ACTIVITIES REPORT

For the period ended 30 September 2015

1 HIGHLIGHTS

- Gross production increased by 320% to 796 boepd in Q3-15 compared with Q2-15 (190 boepd).
- 19 workovers completed at the Silvertip Field resulted in a 50% increase in daily oil production compared with pre-acquisition production rates.
- Field EBITDAX of \$753,000 (unaudited) for the quarter.



Workover operations, Silvertip Field (September 2015)

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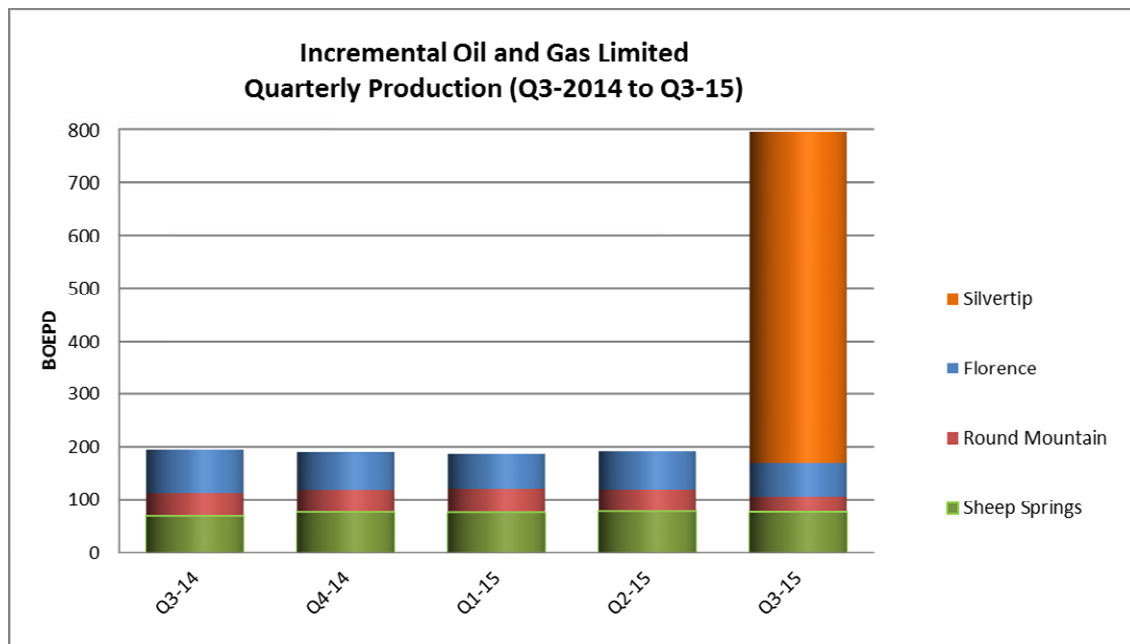
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2 PRODUCTION

Gross oil, gas and NGL production increased by 320% in Q3-15 compared to Q2-15 as a result of acquisition of the Silvertip Field which produces oil, NGL's and high BTU gas from a number of formations.



Liquids stripping and gas compression plant, Silvertip Field

A portion of the natural gas produced from the Silvertip Field is used as fuel to operate the Company's gas gathering system and liquids stripping and gas compression plant (see production graph in section 4). NGL's are extracted from natural gas at the stripping plant owned by the Company, stored on-site and collected by the customer.

Cumulative gross production from Incremental's oil and gas fields in the last quarter, year to date (2015) and corresponding quarter last year are as follows:

	Q3 2015	Year to Date¹ 2015	Q3 2014
Gross Production			
Oil production (Bbls)	26,777	59,382	17,161
Gas production (boe) ²	32,464	33,820	513
NGL production (Bbls)	13,970	13,970	-
Total barrels of oil equivalent (boe)	73,211	107,172	17,674
Average boepd	796	393	192

1. Fiscal year from 1 January. Silvertip production from 1 July 2015.

2. Gas production includes fuel gas consumed in field and plant.

3 SALES REVENUE

Details of **net** revenue for the last quarter, year to date (2015) and the corresponding quarter last year are shown below.

	Q3 2015	Year to Date 2015	Q3 2014
Oil sold (Bbls)	21,050	48,528	13,261
Oil Revenue (US\$) ³	\$844,818	\$2,162,199	\$1,211,825
Average Sale Price (US\$/Bbl) ⁴	\$40.13	\$44.56	\$91.38
Gas sold (Mcf)	118,158	124,939	2,566
Gas Revenue (US\$) ³	\$342,982	\$354,464	\$6,715
Average Sale price (US\$/Mcf) ⁴	\$2.90	\$2.84	\$2.62
NGL sold (Bbls)	11,204	11,204	-
NGL Revenue (US\$) ³	\$132,078	\$132,078	-
Average Sale Price (US\$/Bbl) ⁴	\$11.79	\$11.79	-
Total barrels of oil equivalent sold (Boe) ⁵	51,947	80,555	13,688
Total Sales Revenue (US\$) ⁴	\$1,319,878	\$2,648,741	\$1,218,540

3. Revenue is net of lease royalty interests and fuel gas usage.

4. Price is net of marketing/transportation deduction.

5. Gas volume is converted to barrels of oil equivalent on the basis of 6 Mcf of gas to 1 barrel of oil. NGL's are sold in gallons and converted to barrels of oil equivalent on the basis of 42 US gallons of NGL per barrel of oil.

4 SILVERTIP, WYOMING: (100% working interest)

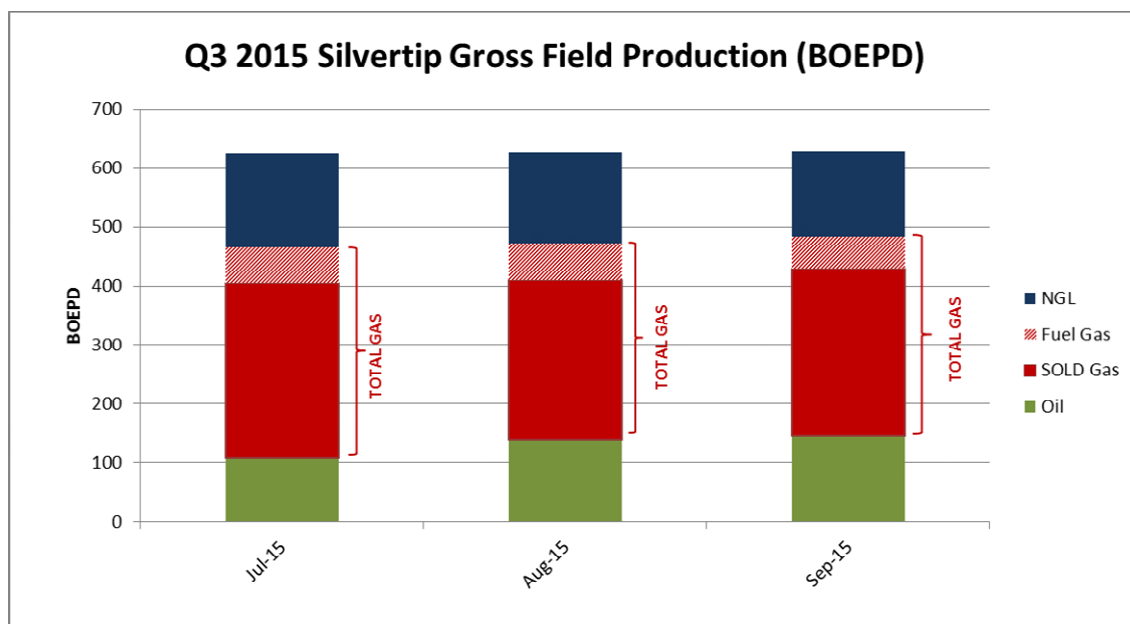
Incremental secured ownership of the Silvertip Field, located in the Bighorn Basin, Wyoming on 30th June 2015. The Field contains 105 wells and covers 5,250 net acres. Incremental has an average revenue interest of approximately 82.5%.

The acquisition of this field was a significant transaction for the Company after a long search for an appropriate asset. The Silvertip Field produces oil, high BTU gas which is sold as natural gas, and NGL's produced from the company's liquids stripping plant.

The acquisition was funded with bank debt provided by ANB Bank, a US based lender and bank services provider with centres in Colorado, Wyoming and Kansas.

Since acquisition, 19 workovers have been completed which included the repair of subsurface equipment and enhancement of lifting capacity in a number of wells.

The workovers targeted wells that were predominantly oil producers. Oil production from the Field has increased as a result of these workovers from an average of 98 bopd (pre-acquisition) to 145 bopd in September.



A new building was completed to house the compressor plant at the Silvertip liquids stripping and gas compression plant during the quarter. This structure replaced the building which was damaged before the facility was acquired, and was replaced by the vendor at no cost to Incremental as part of the purchase agreement.



Liquids stripping and gas compression plant, Silvertip Field

The technical data that was acquired with the Silvertip project included 14.8 square miles of 3D seismic imaging which covers the majority of the Silvertip leases. Work has commenced to interpret all available existing records for current and future development of the asset.

Incremental has already identified a number of behind pipe opportunities from this multi-stacked reservoir field for near term development.

5 FLORENCE, COLORADO: (100% working interest)

Oil production from the Florence Field in Q3-15 was 5,830 Bbls (Average 63 bopd).

6 SHEEP SPRINGS AND ROUND MOUNTAIN, CALIFORNIA: (100% working interest)

Oil production from the Sheep Springs Field during Q3-15 was 6,330 Bbls (average of 69 bopd).

Round Mountain Field produced 2,650 Bbls of oil in Q3-15 (average of 29 bopd).

7 BUSINESS DEVELOPMENT

The Company continues to build on the potential at Silvertip by identifying targets for development from historical field records and seismic imagery. Analysis and interpretation of the historical field development data is providing management with a good understanding of the potential for behind pipe and new well opportunities to increase production and build reserves.

Incremental is continuing to investigate acquisition targets to expand its production base with key selection criteria being to add value through increased reserves and profitable production growth.

8 OPERATIONAL, CASH and DEBT POSITION (Unaudited)

Field EBITDAX for the quarter was \$753,000 and all projects operated by Incremental were profitable at the field level. Approximately \$255,000 was invested in workovers the quarter.

At the end of Q3-15, the closing cash balance and debt position for the Group were as follows:

Cash (US\$) -	\$462,000 (Q2-15 - \$495,000)
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Bank Debt (US\$) -	\$8.520M
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GLOSSARY

Bbl -	One barrel of crude oil, 42 US gallons volume liquid	EBITDAX -	Earnings before interest, income tax, depreciation, depreciation, amortisation and exploration (including dry hole, impairment, abandonment and workover expenses). EBITDAX includes state severance, ad-valorem and conservation taxes - Colorado 6% and Wyoming 10.6% to 12.7%, after transport and refinery deduct. EBITDAX is a non IFRS value and is unaudited
Behind pipe -	Behind-pipe reserves are expected to be recovered from zones in existing wells, which will require additional completion work or future recompletion prior to the start of production.		
BOE -	Barrels of oil equivalent, where the conversion of gas to boe is determined using ratio of six (6) Mcf of natural gas to one barrel of oil	Mcf -	One thousand cubic feet (natural gas volumetric measurement)
BOEPD -	Barrels of oil equivalent per day		
BTU -	British thermal unit - a measure of energy	NGL -	Natural gas liquids are naturally occurring elements found in natural gas, and include propane, butane and ethane, among others. The liquids are extracted from the natural gas and sold separately from the gas
Condensate -	Natural-gas condensate is a low-density mixture of hydrocarbon liquids that are present as gaseous components in raw natural gas.		