

27 November 2013

The Manager Companies
Company Announcements
Australian Securities Exchange
2 The Esplanade
PERTH WA 6000

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

California Oilfields Sale update

Incremental Oil and Gas Ltd advises that new agreements have been reached with the purchaser of its California Oilfields. The sale price is now US\$11.0M. The adjustment from the original agreed price of US\$13M takes into account revenue of approximately US\$1.4M which has accrued from the two oilfields between the original sale agreement in August and settlement in December 2103.

Of the US\$11M in proceeds, US\$8.5M will be paid at settlement. Incremental has agreed to provide vendor finance for the remaining US\$2.5M, secured against a primary lien over an oilfield owned by the purchaser in the USA and a further subordinate lien over the California oilfields. Interest will be payable at 8% pa and the vendor loan will be payable within two years.

The proceeds from the sale will be applied to the resumption of drilling activities in the Company's Colorado oilfield and also to secure the purchase of further long life producing assets with considerable upside.



Gerry McGann
Managing Director