

ASX Announcement/Media Release

12 October 2017

Acquisition of Borie Oil Field, DJ Basin, Wyoming

Highlights

- **New oil field enhances the Company's production base while offering short and long-term development options**
- **Profitable production at current oil prices**
- **Proven Undeveloped (PUD) Well locations economic at current oil prices**
- **Pro-rata entitlement offer of new securities to fund this acquisition and working capital for further project development**

Incremental Oil and Gas Ltd (ASX: IOG) ("IOG" or "the Company") is pleased to announce that it has executed a binding agreement with HRM Resources II, LLC to acquire a ~94% working interest in the Borie oil field in the prolific DJ Basin, located in SE Wyoming. The offer is subject to satisfactory due diligence to the satisfaction of IOG on title and environmental matters relating to the site. The transaction is due to close by November 15, 2017.

The acquisition price for the conventional oil field is ~AU\$1.125m (US\$0.90m) and is underpinned by the value of existing production from the field. The field currently produces ~60 net barrels of oil per day (BOPD) from 11 wells that produce from the prolific Muddy/J Sand Formation. The leases cover a total of 2,850 net mineral acres of land.

IOG believes there is potential to increase production from the field through near-term field development which is anticipated to include infill drilling.

Reserves and details around the future potential of the Borie oil field will be provided once further analysis is finalised.

Acquisition Rationale

- Conventional oil production in the hydrocarbon rich DJ Basin
- Rebalances IOG's production base back to majority oil
- Low oil decline profile on existing production
- Complements IOG's existing operations in Wyoming
- Existing production is expected to be profitable at current oil prices

IOG Managing Director, *John Whisler* said: "This is a small but significant step towards increasing the Company's reserve base and production and it has been made at a very favourable price when compared to recent M&A transactions in the US.

"This field adds to Incremental's production portfolio as well as having short and long-term development potential that is economic at current oil prices."

Funding

The Company will fund the acquisition through a pro-rata entitlement offer of new securities to eligible shareholders.

Details of the entitlement offer are contained in a separate ASX announcement dated 12 October 2017.

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For further information please contact:

Australia –

Simon Adams, CFO

Email: sadams@i-og.net

Phone: +61 (0)8 6144 0590

Mobile: +61 (0)439 845 435

Website: www.incremental油和gas.com

USA –

John Whisler, Managing Director

Email: jwhisler@i-og.net

Phone: +1 (720) 763-3183

Twitter: @IncrementalOG

About the Company:

Incremental Oil and Gas Ltd is an USA onshore focused oil and gas exploration and production company. The Company's strategy is to identify and acquire low risk, underperforming oil and gas fields and apply modern technology and expertise to increase production and enhance hydrocarbon recovery, while increasing net cash flow to grow the business.

Incremental has a portfolio of oil and gas producing projects in Wyoming and California, USA.

Incremental is the operator of the Silvertip (WY), Sheep Springs (CA) and Round Mountain (CA) Fields with 100% of the working interest and NRI's between 78.5 - 87.5%.

All reference to dollars or \$ mean US\$ unless otherwise stated.

FORWARD LOOKING STATEMENT

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect Incremental's views and assumptions with respect to future events as of the date of this press release and are subject to a variety of unpredictable risks, uncertainties, and other unknowns that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth to various factors, many which are beyond our ability to control or predict. Some of the risk and other factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the oil and gas industry, including environmental regulation; economic conditions in the US and globally; geological, technical and drilling results; predicted production and reserves estimates; operational delays or unanticipated operating event; physical, environmental and political risks; liabilities inherent in oil and gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Incremental, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Press Release sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.