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ASX Announcement/Media Release

27 July 2016

Successful \$1.52M private placement capital raise

Incremental Oil and Gas Limited (ASX: IOG) is pleased to announce that it has successfully completed a placement of new shares to sophisticated investors to raise \$1.52 Million (before costs and fees).

Incremental will use placement proceeds for the Phase II Work Program which will optimize and further develop the Silvertip Field through workovers and recompletions. Within the next two weeks, a completion rig will be on site to begin operations.

Incremental has identified 24 wells that can be recompleted to capture bypassed gas from formations between 2000 - 3000 feet (600-900 meters) from surface. These recompletions utilise existing well bores that will be perforated and then acid stimulated to produce gas in place behind pipe. The average recompletion operation takes approximately 3 days. Gas produced from the new formations will be gathered, compressed, processed and sold through existing infrastructure in the Silvertip Field. A certified third party engineer has estimated that up to 3BCF of gas can be extracted through existing well bores.

The placement consists of 38 million ordinary shares which were priced at A\$0.04 each, representing a 20% discount to the 22 July 2016 closing price and a 15% discount to the volume weighted average price for the 5 days up to and including 22 July 2016.

The funds will be raised via a two tranche placement. The first tranche of 23.875 million shares is within the Company's existing 15% placement capacity under ASX Listing Rule 7.1 and will settle on 3 August 2016. The second tranche of 14.125 million shares will be issued following shareholder approval at an Extraordinary General Meeting in September 2016. Settlement of the second tranche is scheduled to occur following receipt of shareholder approval at that meeting.

Bell Potter Securities Limited was Lead Manager for the capital raising. Directors have elected to participate in this placement subject to shareholder approval with an investment of \$165,000.

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About the Company:

Incremental Oil and Gas Ltd is an USA onshore focused oil and gas development 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, and increase net cash flow to grow the business.

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

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

\$ in this document means Australian dollars.