

30 April 2015

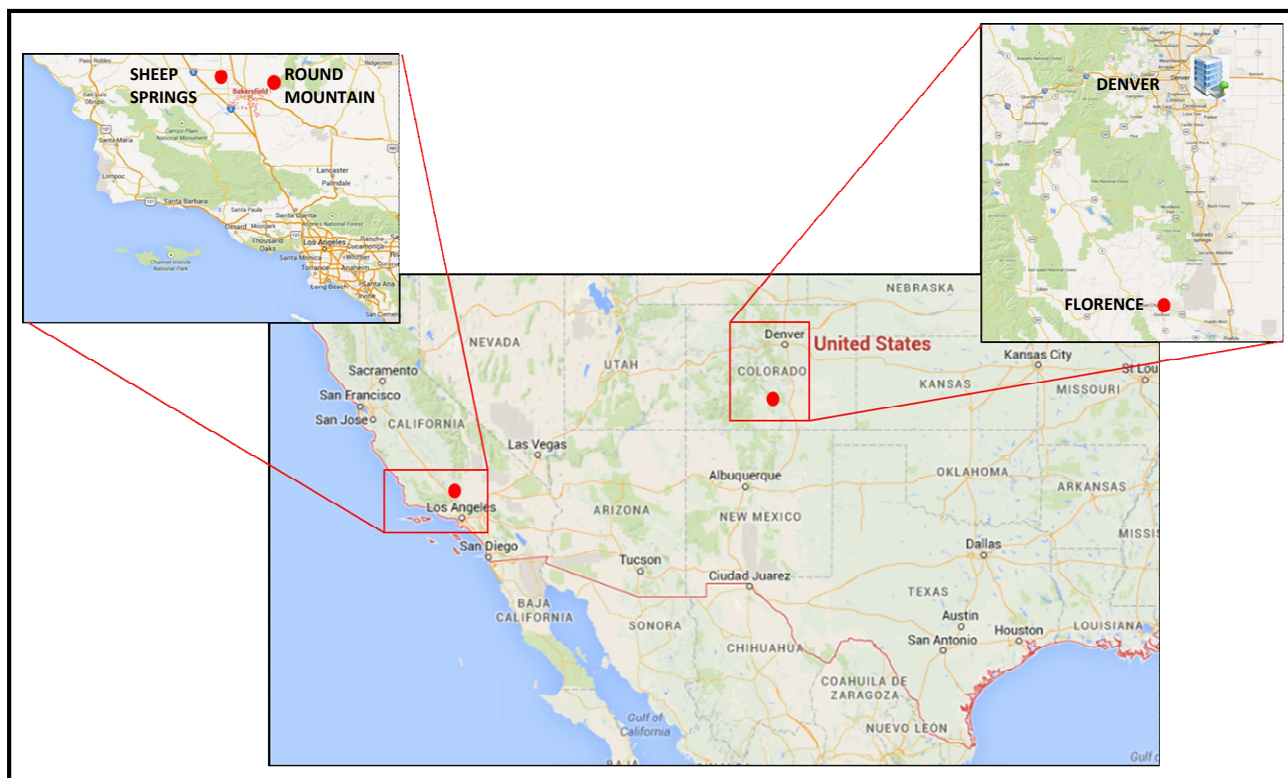
The Manager Companies
Company Announcements
Australian Securities Exchange
Level 40, Central Park 152-158 St George's Terrace
Perth WA 6000

ASX : IOG

QUARTERLY ACTIVITIES REPORT For the quarter ended 31 March 2015

HIGHLIGHTS

- Positive net operating cash flow for the quarter of \$39k
- Debt reduction of \$187k
- Stable production from all fields over three quarters with an increase in oil production from the Round Mountain Field
- 15 new projects identified with due diligence undertaken on eight potential acquisitions in the quarter



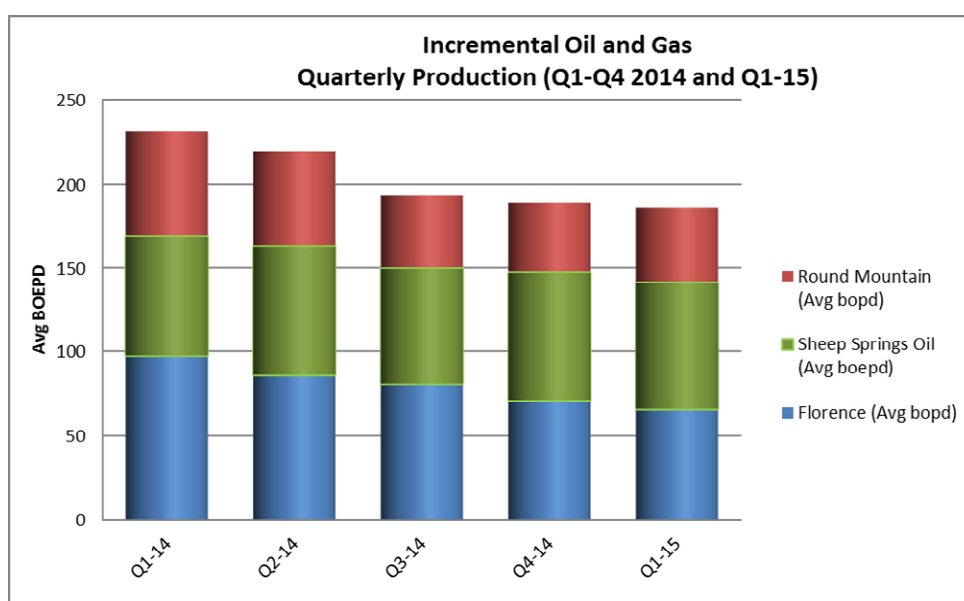
IOG Project Location Map

1 PRODUCTION

Details of cumulative production from Incremental's Oilfields in the last quarter and reference quarters are as follows:

	Q1 2015	Q4 2014	Q1 2014
Oil Production (Avg barrels per day)	177	183	223
Gas production that is sold (Avg 000's cubic ft/day)	8	12	47
Average daily production (barrels of oil equivalent - BOE)	185	195	231

Total oil production for the last three quarters has been relatively stable compared to the prior periods. The Round Mountain Field achieved an increase in average boe production for the quarter.



2 FLORENCE OILFIELD, COLORADO: (100% working interest)



Florence Oilfield, Colorado

Oil production in Q1-15 (5,800 Bbls) was lower than in the previous quarter (6,500 Bbls) due to cold weather which temporarily shut in the field on a couple of occasions. In the first quarter of 2015, the Company implemented an oil storage plan that increased oil storage capacity, giving us the ability to control the timing of our oil sales to take advantage of higher average oil prices.

3 SHEEP SPRINGS AND ROUND MOUNTAIN, CALIFORNIA: (100% working Interest)

The Sheep Springs Field production during Q1-15 (6,700 boe) was slightly less than Q4-14 (7,000 boe) which is an average of 76 boepd (Q4-14 – 77 boepd). Efforts to increase gas production in Q1-15 by performing some infrastructure modifications and producing the SS#7 well were successful and resulted in a higher gas production for the quarter.

Operations were normal at the Round Mountain Field in Q1-15. The field produced 3,900 Bbls (average of 44 bopd) in Q1-15, compared to 3,800 Bbls (average of 41 bopd) in the previous quarter. A small quantity of water was disposed of off-site from the Round Mountain Field during the last quarter but this is not expected to be an ongoing trend.



Round Mountain – Smoot #2 well

4 BUSINESS DEVELOPMENT

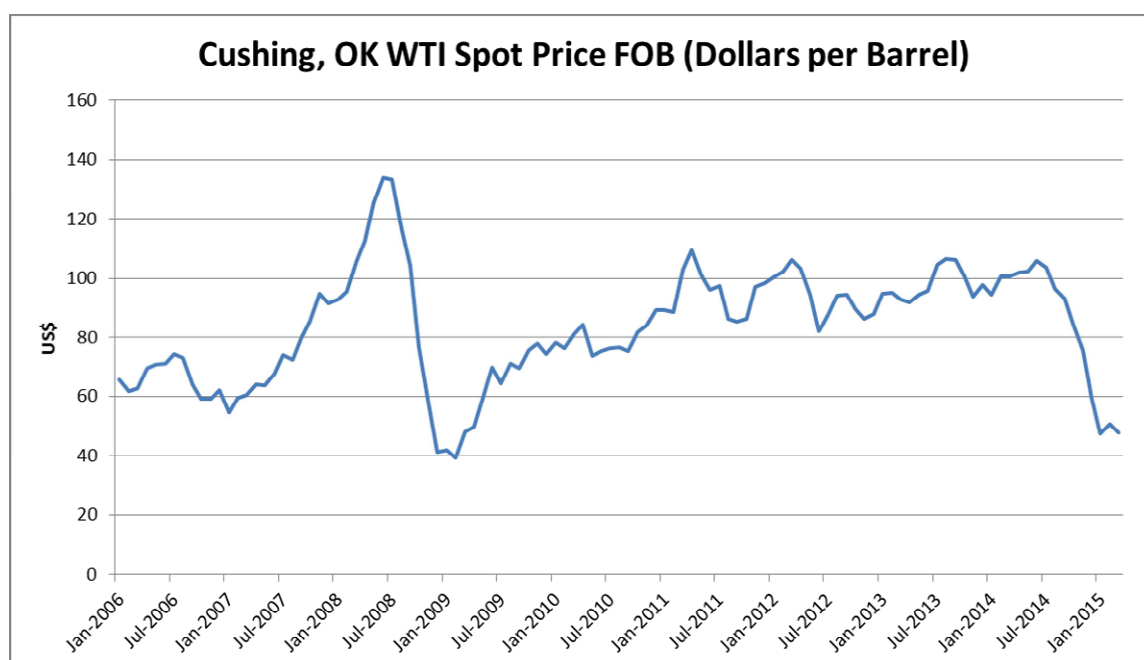
Incremental has continued to invest time and resources into the identification and evaluation of new projects to acquire during Q1-15. The company has been presented with fifteen new project opportunities and it has undertaken research and evaluation on eight projects in Wyoming, Oklahoma and Texas during this period. Although lower oil prices have limited the number of opportunities in the market, Incremental has been able to move towards advanced negotiations on one of the assets.

5 FINANCIAL RESULTS AND CASH FLOW

Cash on hand at the end of Q1-15 was US\$1.158M (Q4-14 – US\$1.362M). Cash movement for the quarter (including comparison of prior year) is summarised as follows:

	Q1-15 US\$ '000	2014 US\$ '000
Net proceeds from sales (after royalty interest payments)	\$ 636	\$6,961
Payments related to production & administration	(\$ 597)	(\$5,243)
Leases & capital expenditure	(\$ 30)	(\$ 240)
Debt repayments – principal and interest	(\$ 213)	(\$ 647)
Net cash increase/(decrease) for the period	(\$204)	\$ 831
Opening cash balance	\$1,362	\$ 541
Closing cash balance	\$1,158	\$1,362

Gross sales for the Q1-15 were US\$0.604 million (Q1-14 - US\$1.951 million). There have been no development costs during the quarter and operating costs remained within budget and lower than for the same period in 2014. Further cost saving measures have been implemented in the field and head office to maintain cost control. Incremental continues to run an operating cash surplus based off oil prices that are at a six year low. There has been a gradual recovery in oil price in the WTI price in April with an average WTI price above US\$53/Bbl.



With the decrease in the oil price, management continues to focus on cost control and maximising field efficiency and output. In the medium term, the acquisition of an earnings accretive project is seen as a priority to address long term growth.