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ASX Announcement/Media Release

24 October 2017

Investor Roadshow Presentation

Incremental Oil and Gas Limited (ASX: IOG) ("IOG" or "the Company") is pleased to provide a copy of an investor presentation that is being presented by the Company this week on an investor roadshow in Sydney and Melbourne.

ENDS

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Forward-looking statements

This release contains forward-looking statements. The words 'forecast', 'estimate', 'likely', 'anticipate', 'believe', 'expect', 'project', 'predict', 'outlook', 'guidance', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements in this release include statements regarding our strategy, future operational and financial results, acquisitions, future projects, the results of the capital raising and the use of proceeds therefrom. You are cautioned not to place undue reliance on forward-looking statements. The forward-looking statements, opinions and estimates provided in this release are based on assumptions and contingencies that are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements are subject to known and unknown risks and uncertainties, there can be no assurance that actual outcomes will not differ materially from forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no obligation to update or revise these forward-looking statements to reflect any change in expectations or assumptions.

Background on Incremental Oil and Gas Limited

Incremental Oil and Gas Limited 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, and a 10% working interest in an exploration joint venture in North Dakota, USA.

The Company 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 references to dollars or \$ mean US\$ unless otherwise stated.



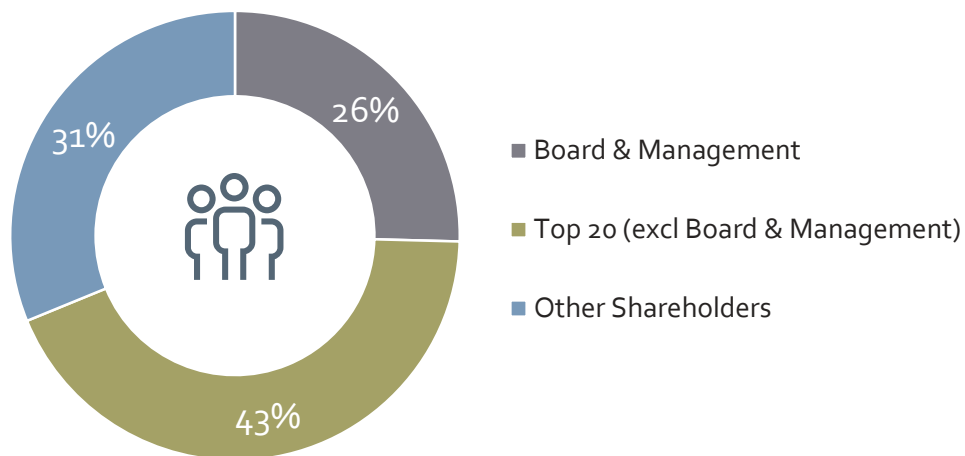
DJ Basin Growth Asset

“A significant value accretive
asset for shareholders”

Corporate overview

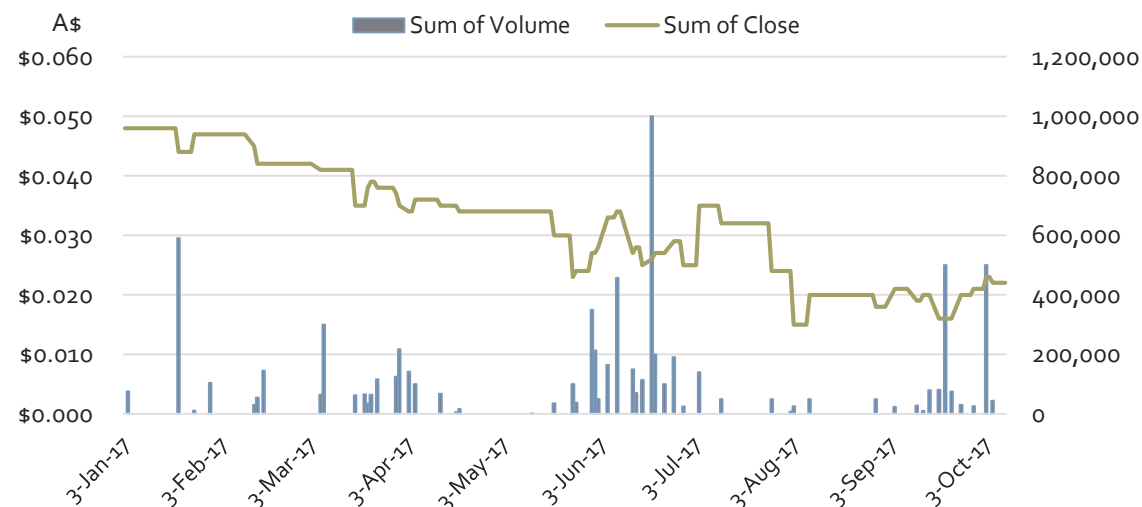
Share Price (90 day VWAP) ¹	AU\$ 0.025
Market Capitalization (pre rights issue)	AU\$ 4.65M / US\$ 3.72M
Bank Debt ² (ANB Bank)	AU\$ 8.13M / US\$ 6.50M
EV	AU\$11.71M / US\$ 9.37M
PV10 Estimate of PDP Reserves value ³	AU\$23.43M / US\$18.74M
No of shares on issue (pre rights issue)	202.2M
No of shares offered in Rights Issue (5:7)	144.4M
No of options ⁴ on issue	5M

Shareholder distribution



1. At 9/10/17
2. Bank debt – interest at Prime Rate + 0.5% (Currently 4.75%)
3. Dec-16 (Silvertip, Sheep Springs, Round Mountain Fields) at \$56/bbl oil price and \$3/Mcf gas price
4. 5,000,000 options exercisable at A\$0.1485 before 27 July 2018

ASX: IOG, Share Price and Volume



Transaction overview

Transaction	<ul style="list-style-type: none"> Acquisition of the Borie Oilfield, DJ Basin, Wyoming (94% working interest in 21 Operated wells with a total of 2,850 net acres) 		
Purchase Price	<ul style="list-style-type: none"> A\$1.1250m (US\$0.900m) subject to adjustments at closing 		
Funding	<ul style="list-style-type: none"> Equity raised through rights issue (5:7 at (A\$)1.5 cents per share) 		
Reserves	<ul style="list-style-type: none"> 1P net reserves: 756 mbls (PDP – 284 mbls, PUD – 472 mbls) 		
Production	<ul style="list-style-type: none"> Currently producing 60 BOPD net Potential production increase to more than 200 BOPD from new wells ¹ 		
Value Contribution	<ul style="list-style-type: none"> PDP PV₁₀: A\$3.02m (US\$2.41m) 		
Timing	<ul style="list-style-type: none"> Close due November 2017, effective date October 1, 2017 (subject to Rights Issue completion) 		
Acquisition Matrices (Borie Field)	<ul style="list-style-type: none"> EV / PDP Reserve: US\$3.17 / Bbl EV / Net Bbl oil production: US\$15,000 / Bbl EV / Net Lease Acre: US\$316 / Acre 		
Value accretion		<u>Existing Fields</u> A\$11.7m (US\$9.37m) 1.55 MMBOE A\$7.58 /1P BOE (US\$6.06 /1P BOE)	<u>Borie Field</u> A\$1.1m (US\$0.9m) 0.28 MMBO A\$3.97 /PDP BO (US\$3.17 /PDP BO)

1. Assuming 3 new wells drilled (see slide 11 for new well economics)
 2. PDP Reserves Only ie: Excluding Proven Undeveloped (PUD) Reserves

Field overview – Borie Field, DJ Basin, Wyoming

Production

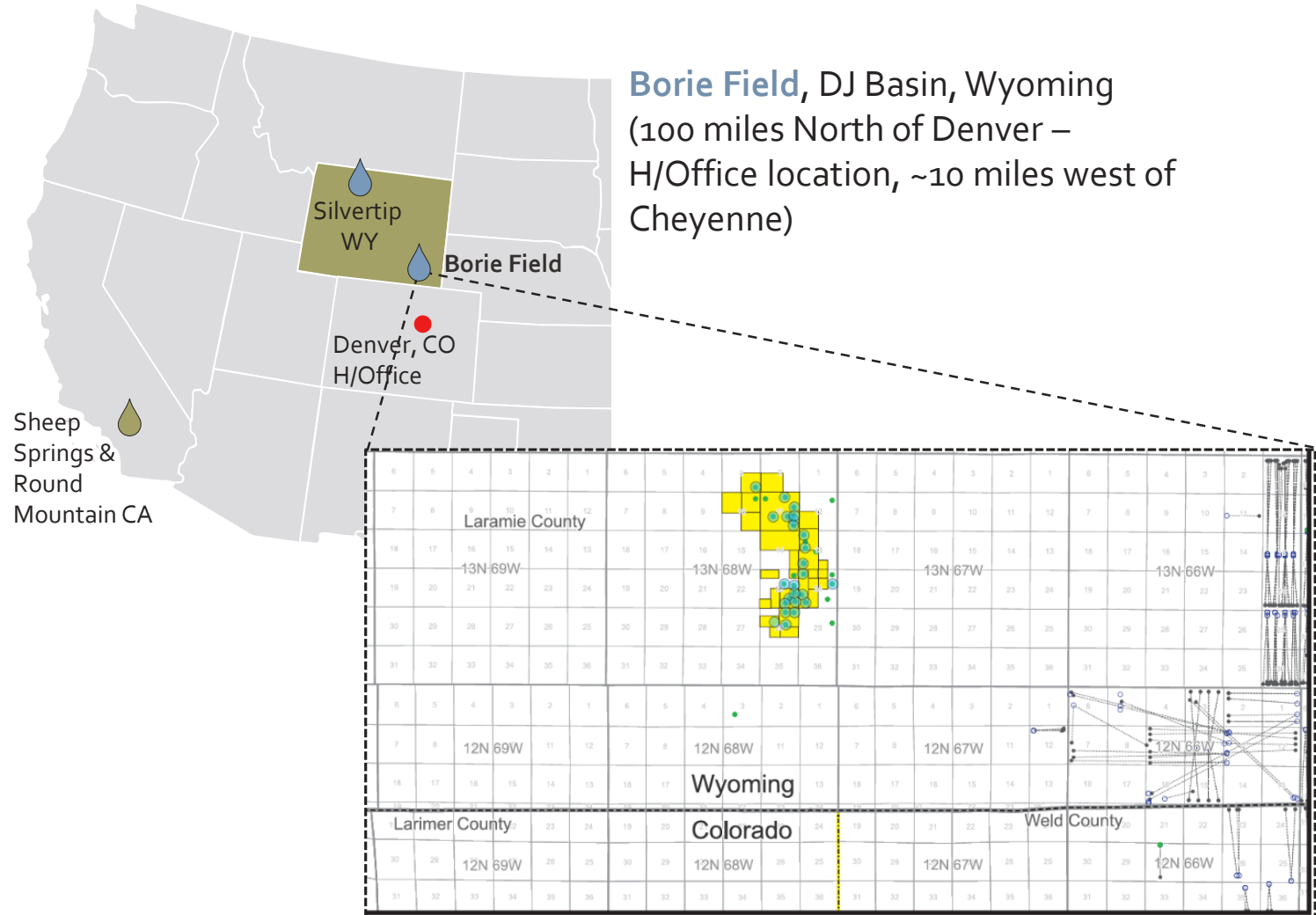
- 60 barrels of oil per day net
- 11 operated producing wells plus 3 water EOR injection wells
- Avg 81% NRI

Acreage

- 2,850 net acres in DJ Basin, Wyoming
- 100% held by production (**No** drilling commitments)

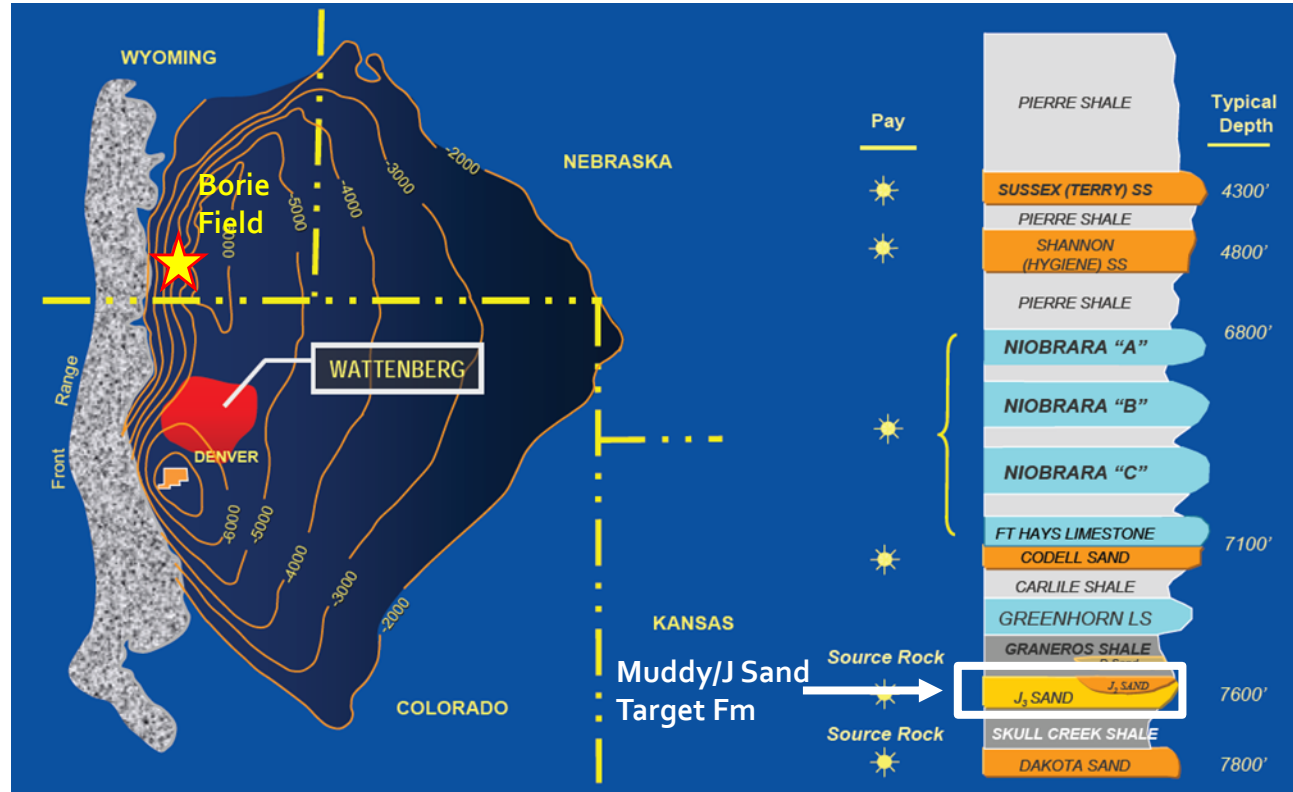
Potential

- 3 Proven Undeveloped (PUD) wells to drill
- Enhanced oil recovery (EOR) potential



Key transaction benefits

- Conventional oil production in the DJ Basin
- Low decline profile for existing production
- Located in Wyoming – IOG already has operating permits for WY
- Existing production profitable at current oil price
- At least 3 Proven Undeveloped (PUD) well locations



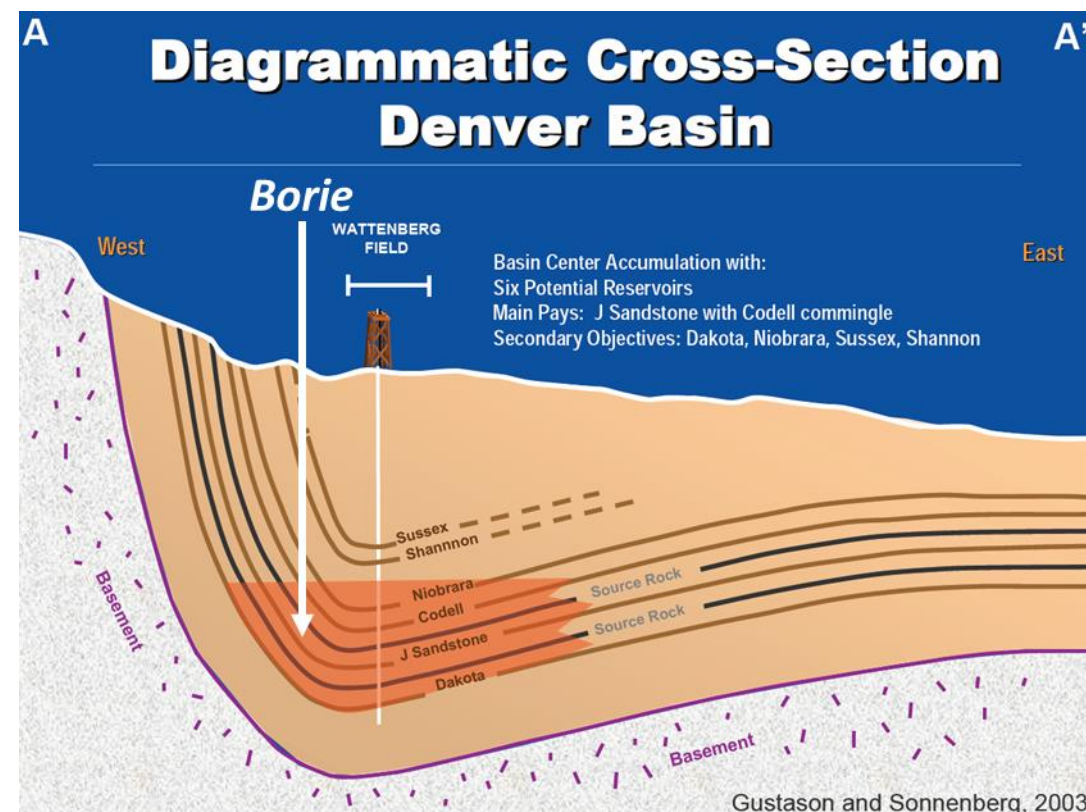
Acquisition price underpinned by value of existing production

- Incremental is acquiring current production and lease acreage for US\$0.900M

		Borie Field	Market ¹
Production (Net)	60 BOPD	US\$15,000/Bbl	US\$35,400/Bbl
Lease Area (Net)	2,850 Acres	US\$316/Acre	US\$7,200/Acre
Reserve (Net) ²	284,000 Bbls	US\$3.17 /Bbl	US\$11.30/Bbl

Production uplift potential:

- 3 PUD locations which are economic at current oil prices
- EOR (waterflood) has been successful in the Borie Field and IOG plans to re-engineer and improve the secondary recovery utilizing new technology to improve recovery rates



- Market averages taken from oil weighted transactions **excluding** extraordinary high value basins eg: Permian, Anadarko, Powder River (see Appendix 1 for details)
- Only Proved Developed Producing (PDP) Reserves shown for Borie Field

IOG acquisition assessment criteria

Incremental uses the following criteria as a guide to determine if an asset should be reviewed:

- Oil weighted conventional assets ✓
- Immediate/Near-term Cash flow ✓
- Well economics that support investment (including risk for dry/uneconomic holes)
 - Competitive lifting cost ✓
 - Drilling cost v production yield ✓
 - Production decline ✓
- Onshore USA ✓
- Infrastructure in place ✓
- Assets that are not being sold through competitive tender process ✓

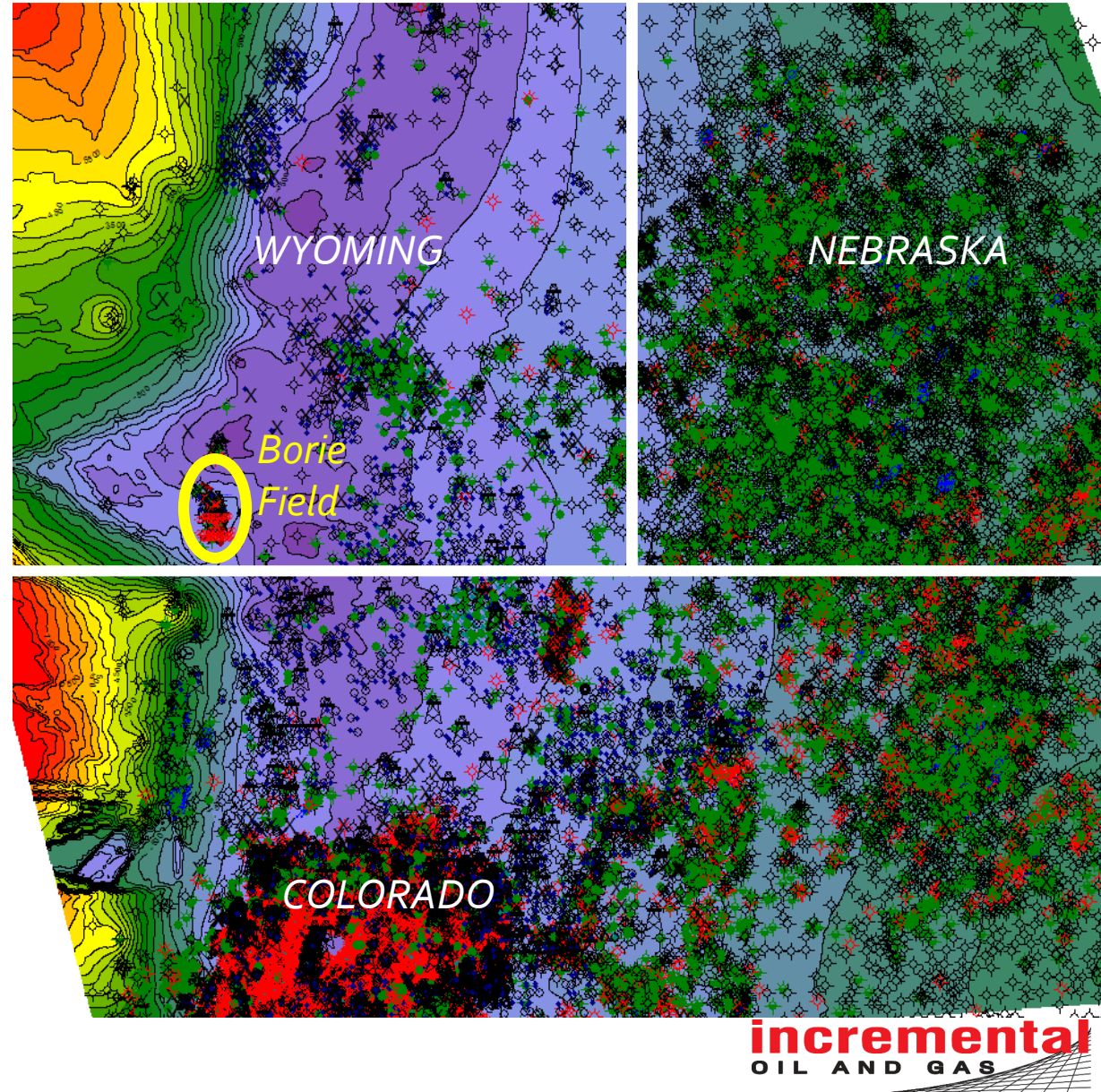


Field history

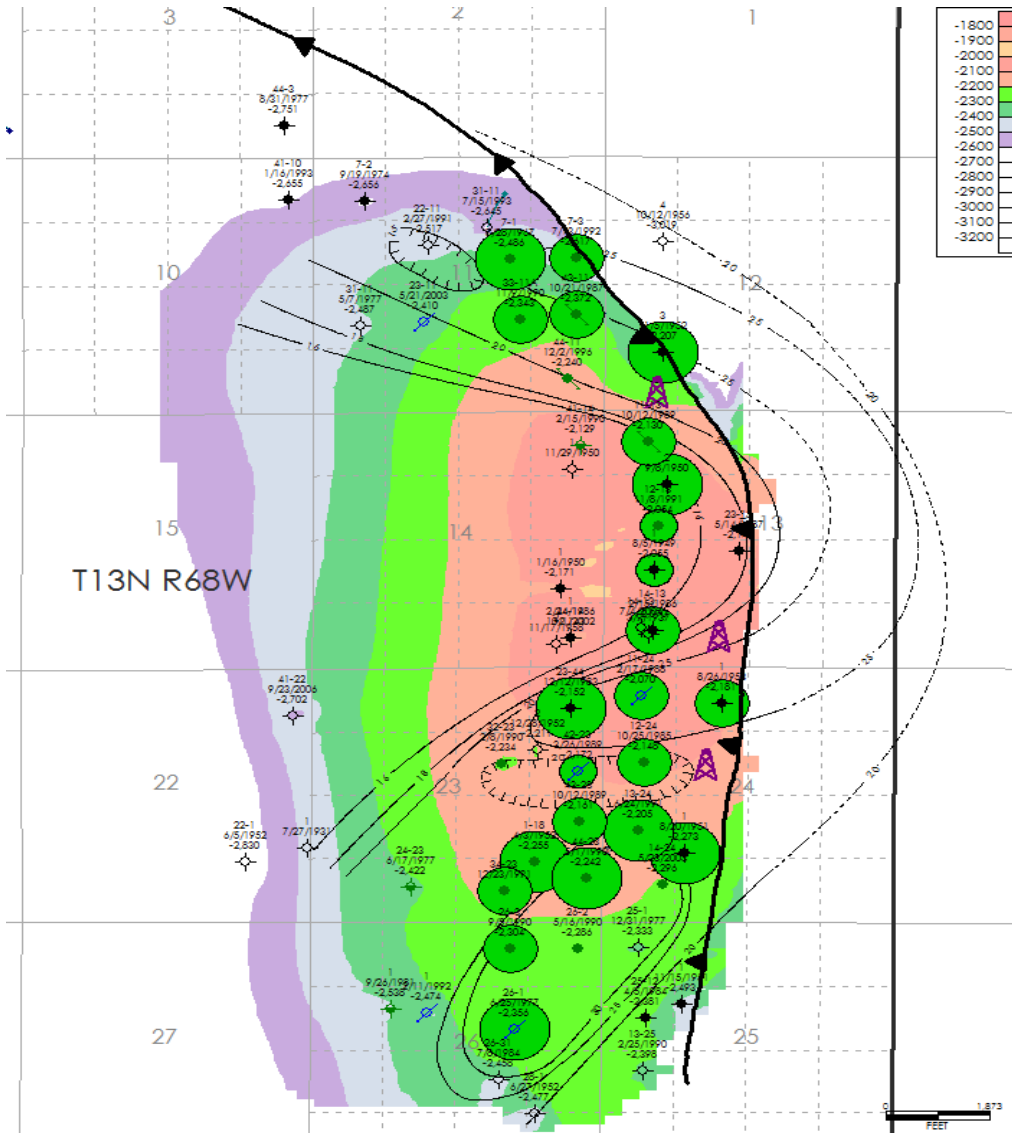
- Discovered in 1950
- Produces from the J₂ & J₃ Sand Formations
- 5.5 MMBO produced to date
- Wells have been drilled at various times between 1950 and early 2000's

DJ Basin

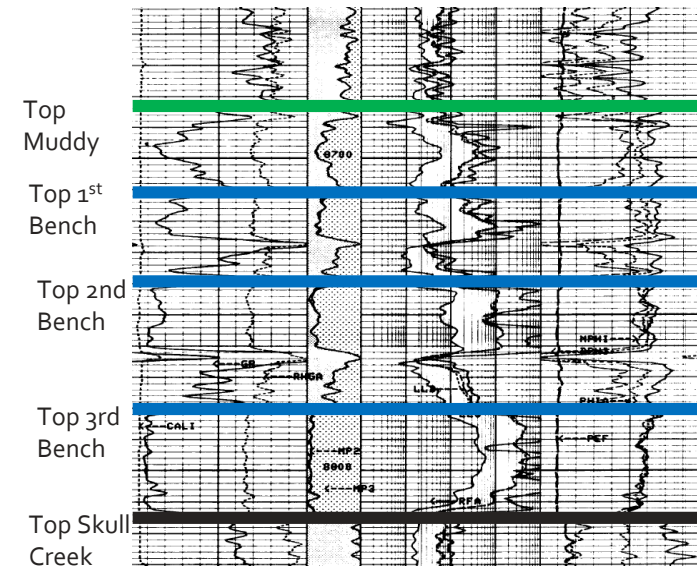
- Prolific basin that has been producing oil and gas since 1901
- Mainly produced from the J₂ & J₃ Sand (Muddy) formations but more recently oil has been economically produced from the Niobrara and Codell Formation
- Currently produces ~300+ MBOPD



J Sand (Muddy) Isopach & Structure Map



J Sand (Muddy) Log Intervals

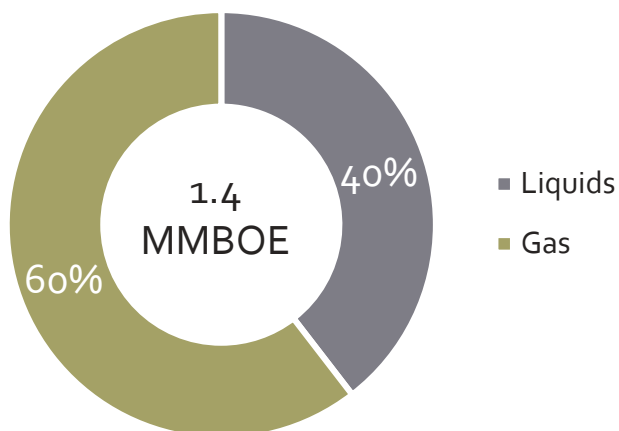


- N-S oriented field producing atop a thrust anticline in the northern DJ Basin
- Well EUR's based on 180 Mbbl (Gross)
- PUD locations have good control and based on 40 acre drainage

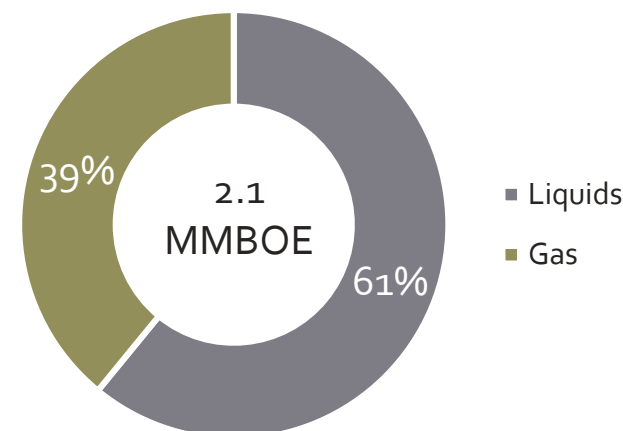
Reserves

- Asset acquired with PDP reserves of 284 MBO and PUD reserves of 472 MBO (Total 1P reserves – 756 MBO) ¹
- Oilfield has 3 PUD well locations that can be drilled – **economic at current oil prices**
- Addition of Borie Field changes weighting of Reserves for the group from gas to a more oil weighted commodity mix
- Borie Field uplifts total Group Reserves by 55% to **2.1 million BOE**

Total current 1P reserves ²
(Existing assets ONLY)



Total 1P reserves
(With Borie Field)



(MM BOE)	Existing Assets	Borie	Total (post acquisition)	Reserve Increase
1P Reserves	1.384	0.756	2.139	55%

1. Certified by independent reservoir engineer

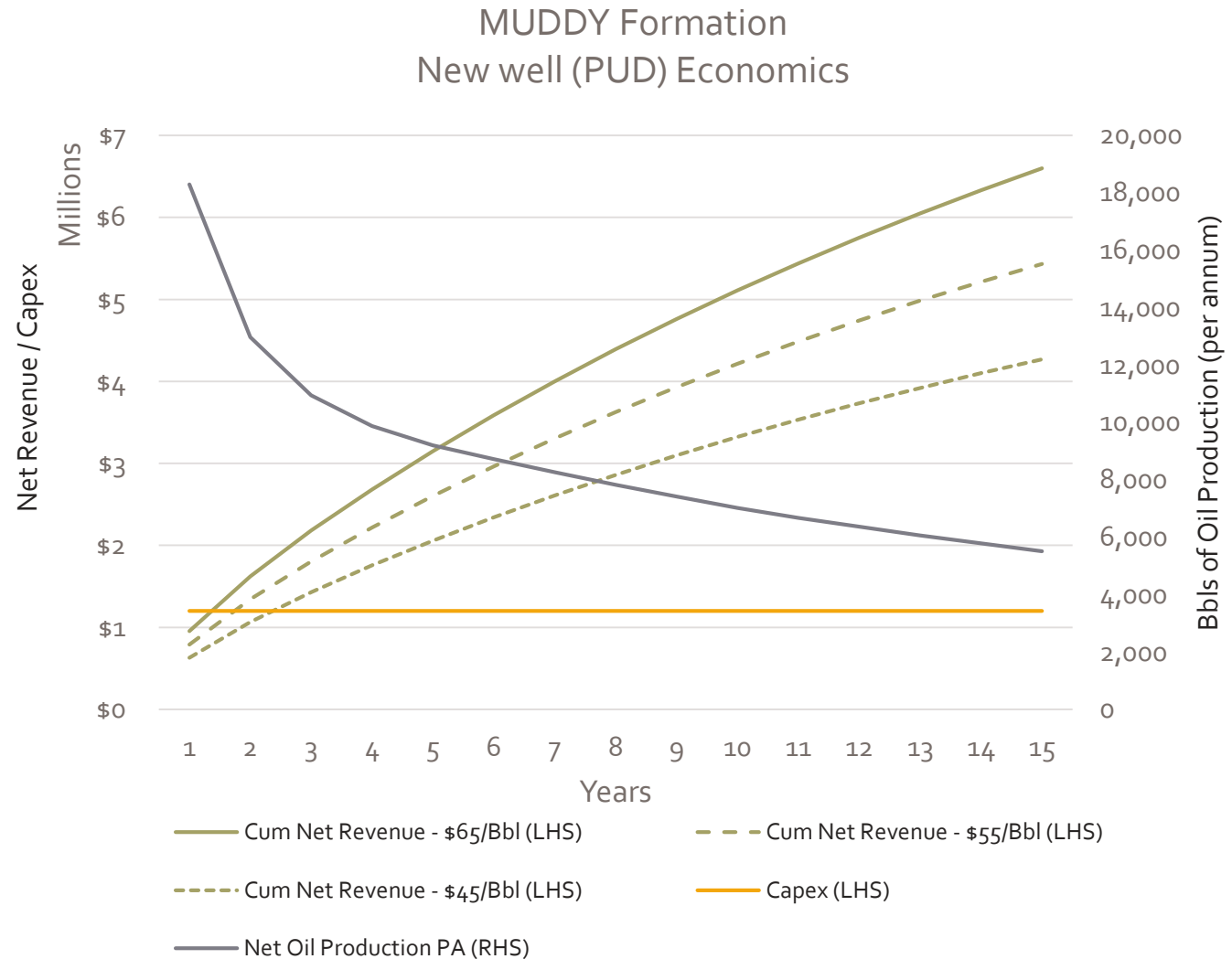
2. Reserves (Net) for Silvertip, Sheep Springs and Round Mountain Fields as certified 31 December 2016 less production Jan-Sep 2017

PUD (new well) Economics

- BORIE PUD EUR – 180,000 Bbls
- IP – 80 BOPD
- Type Curve – based on wells drilled in Borie Field after 1980
- Capex – US\$1.2m (A\$1.5m) per well

\$/Bbl	IRR	PV ₁₀
45\$	35%	US\$1.18m
55\$	46%	US\$1.79m
65\$	59%	US\$2.40m

- Refinery/Transport Deduct - US\$2.65/Bbl (A\$3.31/Bbl)
- Production Tax – 11.05%
- Opex – US\$2,420 pm (A\$3,025 pm) (fixed) + US\$1.50/Bbl (A\$1.88/Bbl) (variable)



Existing assets – Silvertip Field (WY)

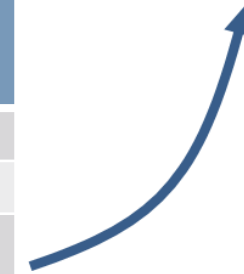
- **SILVERTIP FIELD, WYOMING** (100% WI, OPERATOR)
- 537 BOEPD production (Q2-17)
 - Liquids (Oil & NGL's) - 33%, Natural Gas - 67%
- 1.224 MMBOE 1P reserves
- 4,700 acres (4,437 HBP)
- Multi-stacked formation – Behind Pipe development potential
- 3D Seismic
- Carried out successful recompletion development program in 2016
- Production and Reserves increased since acquisition

RESERVES

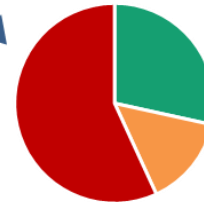


MMBOE	Proved Reserve (Dec 31, 2016)
Liquids	738
Gas	958
Total	1,696

MMBOE	Proved Reserve (at acquisition)
Liquids	621
Gas	268
Total	889



Q4-2016:
817 BOEPD



■ Oil ■ NGL ■ Gas

At-Acquisition:
360 BOEPD



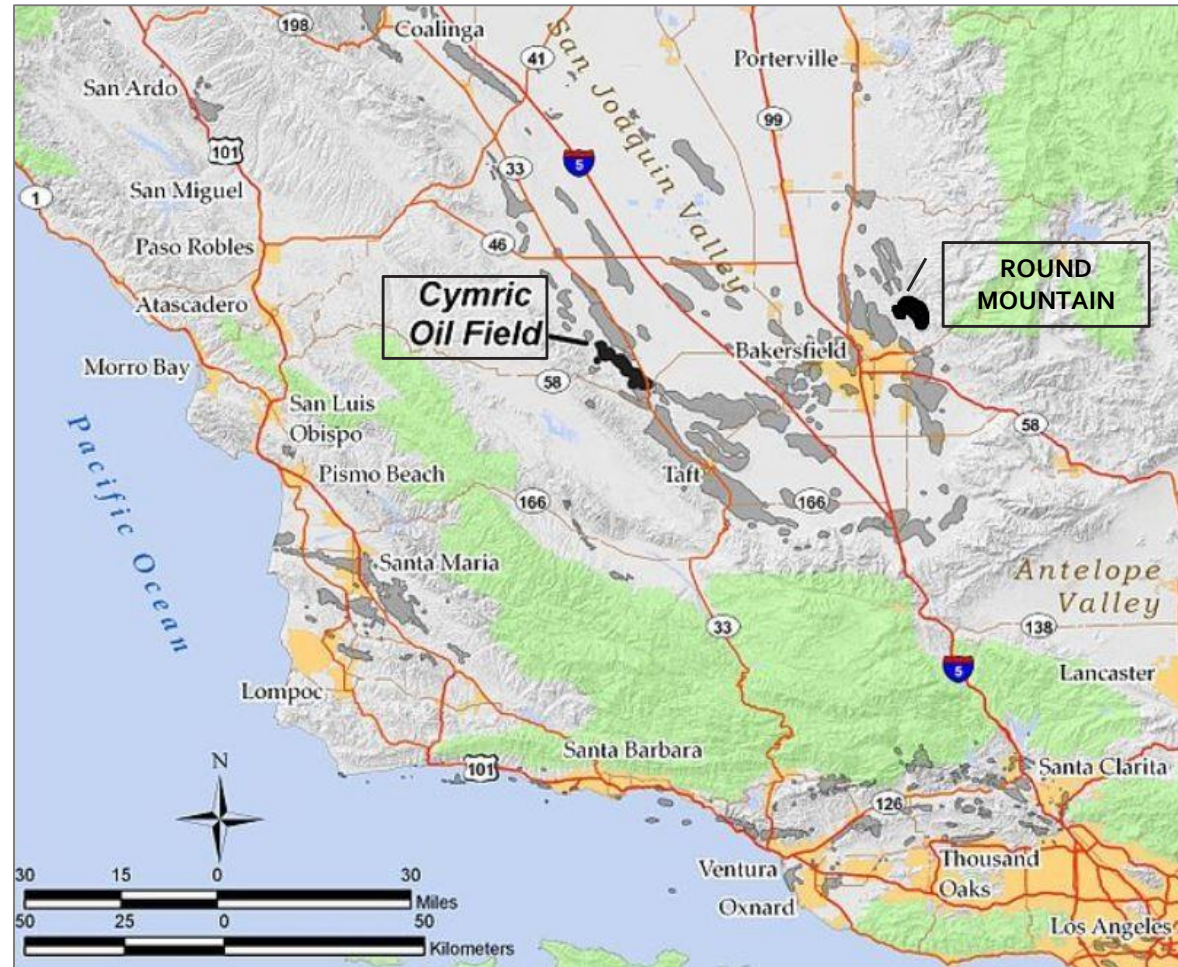
■ Oil ■ NGL ■ Gas



PRODUCTION

Existing assets (CA)

- **SHEEP SPRINGS & ROUND MOUNTAIN, CALIFORNIA** (100% WI, OPERATOR)
- 85 BOEPD production (Q2-17)
 - Sheep Springs – 63 BOEPD (Oil - 93%, Natural Gas - 7%)
 - Round Mountain – 22 BOPD
- 0.30 MMBOE 1P reserves
- Lease all HBP
 - Sheep Springs – 160 acres
 - Round Mountain – 320 acres
- Low decline production
- Low operating cost



Financial performance

Cash Flow – US\$'000	Jun-17 (6 months)	Dec-16 (12 months)	Dec-15 (12 months)
Receipts from Sales	\$2,955	\$4,851	\$4,336
Payments to Suppliers	(\$2,560)	(\$3,912)	(\$3,187)
Interest (Net)	(\$161)	(\$337)	(\$209)
Production Tax Paid	(\$169)	(\$419)	(\$241)
Net cash flow from Operations	\$65	\$183	\$698
NPAT	(\$761)	(\$576)	(\$2,726)
Cash Balance (Free cash)	\$865	\$658	\$445

Field Operation Results (US\$ per BOE)	Sales	Royalty/Prod'n Tax	Field operating costs	Netback
Silvertip (Wyoming) ^{1, 2}	\$18	(\$5)	(\$6)	\$7 (42%)
Sheep Springs & Round Mountain (California) ¹	\$45	(\$7)	(\$11)	\$27 (61%)
Borie (Wyoming) ³	\$49	(\$11)	(\$18)	\$20 (41%)

1. Based on actual revenue and expenses from January to June 2017

2. Silvertip production and sales is a combination of oil natural gas liquids and gas. BOE assumes conversion of gas at a rate of 6Mcf of gas to 1 barre of oil and 42 gallons of NGL to 1 barrel of oil

3. Forecast based on production rate at effective date, spot WTI oil price (US\$52/Bbl) less transportation deduct and operating costs per records from seller

Board

Mark Stowell

Non-Exec Chairman
B.Bus C.A.



A chartered accountant and corporate finance background and has been involved in public company management for over 20 years including significant experience in the natural resources and energy sectors. Founder and director of Incremental Petroleum, second largest oil production company in Turkey through to takeover by US based oil company.

John Whisler

Managing Director
B.Sc. Eng/Psy



More than 25 years experience in the U.S. oil and gas industry with a broad range of skills including drilling and completions engineering, exploration and field development, strategic business planning, and extensive A&D knowledge. Extensive hands on field experience prior to becoming VP of Operations at Petrogulf (2001-2008) and CEO of Delek Energy (2008-2011).

Gerry McGann

Non-Exec Technical Director
B.Sc. (Hons)



Over 40 years experience in the upstream oil and gas industry as a petroleum geologist. With Occidental Petroleum, he increased production in Oman from 32K to 52K BOPD in 3 years. He was a founder and Managing Director of Incremental Petroleum, where he oversaw the doubling of production in the second largest oil production company in Turkey.

Matt McCann

Non-Exec Director
J.D.



More than 20 years of experience in the legal and energy sectors. He was Senior VP at Sandridge Energy (2005-2007) and CEO of Transatlantic Petroleum (2009-2011). He led Transatlantic from a junior explorer to a significant international producer in 2 years.

Strong track record - CEO/BoD's

CEO, John Whisler, Management and other Board members have extensive Oil and Gas experience:

- Successfully built E&P companies from ground floor
- Track record of value accretion on divestment of exploratory and mature fields
 - 2.30ROI for mature oil field; sold for \$42 million (John Whisler)
 - 2.81 ROI for 140 well exploratory field; sold for \$220 million (John Whisler)
 - Exceptional ROI for corporation sold for \$170 million after 3 years (John Whisler)
 - High ROI on exploratory field; sold for \$90 million (John Whisler)
 - 1.0 ROI on international oil field (Turkey) with consistent 8% dividend yield; sold for \$80 million (Incremental Petroleum Ltd – Gerry McGann and Mark Stowell)
- Vast U.S. industry network & intimate knowledge of the U.S. oil and gas industry
- Skilled negotiations with proven success
- Reputation for extensive due diligence



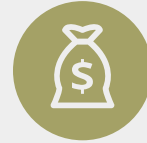
Summary



Conventional oil weighted asset purchased in counter cyclical environment



Profitable cashflow at \$50/bbl with growth potential through drilling



Long life, low decline rate wells provide leverage to future oil price rise (<\$20/Bbl lifting cost)



Production optimization and cost reductions identified



Low CAPEX, vertical wells from conventional drilling prospects identified utilizing 3D seismic



Significant **secondary recovery EOR** – study to be completed



Further asset acquisitions contemplated once this acquisition is consolidated

Disclaimer

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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 presentation 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.

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Appendix 1 – M&A oil weighted transactions 2016 & 2017

M&A Transactions used to determine “Market” value (Source – www.boereport.com/ma-database/)

Date	Acquirer	Target	Value (\$MM)	Region/ Play	% Liquids	Production BOE/D	Value/ BOE/D	Lease Acreage	Value/ Acre	Proved Reserves	Value/ Proved Reserve
Jun-17	Wildhorse Resource Development	Anadarko Petroleum	\$625	Eagle Ford	72%	7583	\$82,721	111,000	\$5,631	22,900,000	\$27.29
Mar-17	Vendo Oil and Gas	SM Energy	\$800	Eagle Ford	67%	27,260	\$29,347	37,500	\$21,333	65,000,000	\$12.31
Mar-17	Sanchez Energy, Blackstone Energy	Anadarko Petroleum Corp	\$2,300	Eagle Ford	70%	67,000	\$34,328	155,000	\$14,839	300,000,000	\$7.67
Dec-16		Clayton Williams Energy	\$400	Eagle Ford	80%	3,900	\$102,564			9,700,000	\$41.24
Dec-16		Swift Energy	\$40	South Louisiana	97%	1,160	\$34,483	14,000	\$2,857		
Nov-16	Sanchez Energy	Sanchez Production	\$27	Eagle Ford	73%	700	\$38,571			2,136,000	\$12.64
Oct-16		SM Energy	\$172.5	Williston Basin	82%	3,300	\$52,273	79,000	\$2,184	9,500,000	\$18.16
Sep-16		Abraxas Petroleum	\$13	Eagle Ford	86%	145	\$89,655	1,769	\$7,349		
Aug-16	Campbell Development Group	Rex Energy	\$40	Illinois Basin	100%	1,700	\$23,529	76,000	\$526		
Jul-16	Crestone Peak Resources	Encana	\$900	Niobrara Basin	67%	23,467	\$38,352	51,000	\$17,647	96,800,000	\$9.30
Jul-16		Bill Barrett	\$30	Uinta Basin	63%	1,000	\$30,000			2,000,000	\$15.00
Apr-16	Samson Oil and Gas		\$16.5	Williston Basin	100%	720	\$22,917	51,305	\$322	8,500,000	\$1.94
							\$35,418		\$8,602		\$10.58