

**ASX Announcement/Media Release**

**22 March 2016**

**NET PROVED DEVELOPED RESERVES INCREASE BY 400%**

- **Proved Developed Reserves of 1.73 million BOE independently certified**
- **PV10 value of Proved Developed Reserves independently estimated at US\$19.325M**

Incremental Oil and Gas Ltd. (ASX: IOG) has independently certified net Proved Developed Reserves of approximately 1.73 million BOE. The increase of the Proved Developed Reserves by 400% since 1 January 2015 is largely due to the acquisition and successful shallow formation recompletions in the Silvertip field in the second half of 2015.

Effective 1 January 2016, these Proved Developed Reserves had an estimated PV10 value of **US\$19.325 million** using 1 January 2016 NYMEX forward strip prices that increase annually and start at US\$40.97 per barrel of oil and US\$2.49 per MMBTU of gas.

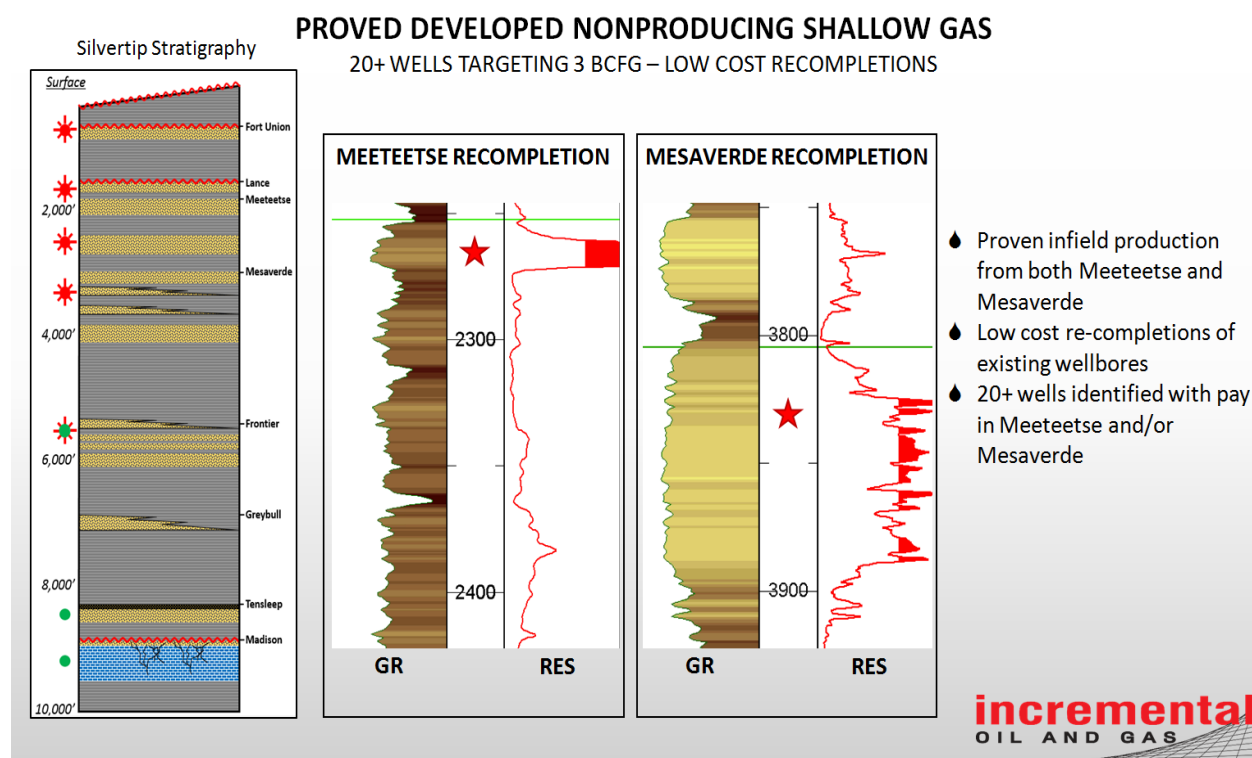
**Proved Reserves Comparison (2015 v. 2016)**

By field	1 January 2016	1 January 2015
Sheep Springs, CA Round Mountain, CA Florence, CO 1P Proved Developed Producing 1P Proved Undeveloped	457,700 BOE -	402,400 BOE 64,700 BOE
Silvertip, WY 1P Proved Developed Producing 1P Proved Developed Not Producing	962,400 BOE 309,400 BOE	- -
<b>TOTAL</b>	<b>1,729,500 BOE</b>	<b>467,100 BOE</b>

By product	1 January 2016	1 January 2015
Oil (Bbls)	780,800 Bbls	440,900 Bbls
Gas (MCF)	5.692 BCF	0.157 BCF
<b>TOTAL BOE</b>	<b>1,729,500 BOE</b>	<b>467,100 BOE</b>

Proved Developed Not Producing (PDNP) reserves in Silvertip are herein being reported for the first time. These reserves have been certified as a result of two successful

recompletions in October 2015 which flowed commercial hydrocarbons (mainly gas) from shallow behind-pipe reservoirs.



As a result of the successful completions in the Meeteetse and Mesaverde in October 2015 which led to the significant increase in Incremental's Proved Developed Reserves, Incremental intends to perform more than 20 additional shallow gas recompletions in the Silvertip field over the next two years. Since the recompletions will be performed within existing wellbores and production will be commingled with existing Frontier production, Incremental does not expect to incur additional monthly operating expenses. The formations will be perforated and acid stimulated with a relatively inexpensive CAPEX of US\$35,000 per well. IPs of 100 MCFD - 600 MCFD per well are anticipated.

**ENDS**

### About the Company:

Incremental Oil and Gas Ltd is an USA onshore focused oil and gas development & production company. Its 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.

Incremental's primary focus is field development & production, with a strong emphasis on generating cash flow. 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%.

## Media Contacts:

### Australia –

Simon Adams, CFO

Email: [sadams@i-og.net](mailto:sadams@i-og.net)

Phone: +61 (0)8 6144 0590

Mobile: +61 (0)439 845 435

Web site: [www.incremental油和gas.com](http://www.incremental油和gas.com)

### USA –

John Whisler, Managing Director

Email: [jwhisler@i-og.net](mailto:jwhisler@i-og.net)

Phone: +1 (720) 763-3183

Twitter: @IncrementalOG

## GLOSSARY

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Bbl -	One barrel of crude oil, 42 US gallons volume liquid
Behind-pipe -	Behind-pipe reserves are expected to be recovered from zones in existing wells, which require additional recompletion work prior to the start of production
BCF -	One Billion cubic feet (natural gas volumetric measurement)
BOE -	Barrels of oil equivalent, where the conversion of gas to BOE is determined using ratio of six (6) MCF of natural gas to one barrel of oil
BTU -	British Thermal Units, a measure of energy
Forward strip -	A series of sequential prices either for future delivery of an asset or expected future settlements of an index
1P Reserves -	Quantities of petroleum, which by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations
MBOE -	Thousand BOE
MCF -	One thousand cubic feet (natural gas volumetric measurement)
Mm -	Million
PV10 -	Present value of estimated future oil and gas revenues, net of estimated direct expenses, discounted at an annual discount rate of 10%
Recompletion -	The completion for production of an existing wellbore in another formation from that in which the well was previously completed
IP-	The rate of initial flow from an oil and gas well
WI -	Working Interest
NRI-	Net Revenue Interest
Workover -	The repair or stimulation of an existing production well for the purpose of restoring, prolonging or enhancing the production of hydrocarbons

## Reserve disclosure:

Reserve information provided in this ASX announcement/media release is derived from an independent third party reserve report (Reserve Report), prepared by a third party consultant on behalf of Incremental Oil and Gas ("Incremental"). Ralph E. Davis Associates, LLC has reviewed these estimates and certifies that they meet the criteria for proved reserve volumes in keeping with the directives of the Securities and Exchange Commission. Ralph E. Davis Associates, LLC is a Professional Engineering firm located in Houston, Texas. Mr Allen Barron, P.E., licensed in the State of Texas was the signatory of the reserve report. Mr Barron is President of Ralph E. Davis Associates, LLC and has over forty years of experience in the preparation of evaluation reserve studies in multiple US and international basins.

The reserves associated with this review have been classified in accordance with the definitions of the Securities and Exchange Commission as found in Part 210-Form and Content of and Requirements for Financial Statements, Securities Act of 1933, Securities Exchange Act of 1934, Public Utility Holding Company Act of 1935, Investment Company Act of 1940, Investment Advisers Act of 1940, and Energy Policy and Conservation Act of 1975, under Rules of General Application 210.4-10 Financial accounting and reporting for oil and gas producing activities pursuant to the federal securities laws and the Energy Policy and Conservation Act of 1975.

The reserve information provided reflects Incremental's economic or net revenue interest in the various fields that it owns and operates as follows:

- Sheep Springs - 83%
- Round Mountain - 87.5%
- Florence - approx. 78.5%
- Silvertip - approx. 82.5%

Reserves were assessed based on a deterministic methodology. The quantities of oil and gas represented in the Reserve Report have been determined using geological and engineering data which demonstrates that the hydrocarbons can be recovered from known reservoirs under current economic conditions with reasonable certainty. The evaluation relates only to recoverable reserves and makes the assumption that existing surface facilities and infrastructure remain sufficient to produce those reserves.

Incremental is the holder of title to the tenement/leases held covering the fields which are the subject of the Reserve Report. Incremental is the operator and holds a 100% WI in the leases. The Silvertip field has approximately 105 existing wells on leases that are operated covering 5,200 net acres. The Florence field has 21 existing wells on leases covering approximately 6,500 net acres. The Sheep Springs field has 10 operating wells on leases covering approximately 200 acres and the Round Mountain field has 8 operating wells on leases covering approximately 320 net acres. All of these wells were reviewed for the preparation of the Reserve Report.

Ralph E. Davis Associates, LLC completed a review of the available technical data including the geological and engineering interpretation presented by Incremental, publically available production history and other information from relevant nearby wells and analogous reservoirs. For the purpose of the reserve estimate, recoverability is primarily based on actual production history or analogy with wells in the area producing from the same or similar formations, and appropriate well test information in conjunction with various engineering and geological data such as reservoir pressure, anticipated producing mechanisms, the number and types of completions and past performance of analogous reservoirs. This evaluation has been prepared in accordance with the "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information" as proclaimed by the Society of Petroleum Engineers, the SPE Standards.

It is estimated that approximately 29% of gas produced from the gross reserves is used for fuel in-field to produce and process the gas and associated NGLs. This fuel gas is not included in the net reserves stated in the Reserve Report. The reference point for determining the reserves as stated in the Reserve Report is the point of sale of the hydrocarbons.

## **Forward Looking Statements**

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect the Incremental's views and assumptions with respect to future events as of the date of this presentation 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 presentations 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.