

ASX Announcement/Media Release

23 October 2017

Borie Field Acquisition will Increase IOG Reserves by 55%

Key Points

- Proven Certified Reserves to increase by 55% to 2.1 MBOE on close of Borie Field purchase
- Acquisition of Borie Oilfield will add 756 MBOE to 1P Reserves
- Development potential, three new proved undeveloped well locations

Borie Oilfield Reserves

Incremental Oil and Gas Limited (ASX: IOG) ("IOG" or "the Company") is pleased to report a 55% increase in proven (1P) certified reserves subject to completion of the acquisition of the Borie Oilfield in the prolific DJ Basin in Wyoming - announced on October 10, 2017.

Incremental's technical team have completed a full evaluation of historic data, and potential new well locations, which has resulted in reserves of 0.76 million barrels of oil for the Borie Field which have been independently certified. The proven producing reserves, and the PUD's (new well locations) substantiate the value of the acquisition and lift IOG's total 1P reserves¹ to 2.1 million BOE are shown below.

1P Reserve Category (MBOE ²)	Existing Fields ³	Borie Oilfield ⁴	TOTAL
Proved Developed Producing (PDP)	1,159	284	1,443
Proved Developed Not Producing (PDNP)	225	Nil	225
Proved Undeveloped (PUD)	Nil	472	472
Total 1P Reserves (MBOE)	1,384	756	2,140

¹ Reserves are shown as net of royalty and non-working interests;

² MBOE – thousands of barrels of oil equivalent (Gas volume (MCF – thousands of cubic feet) is converted to BOE at a ratio of 6 MCF of gas per barrel of oil.)

³ Silvertip Field (Wyoming), Sheep Springs Field (California) and Round Mountain Field (California). Values are based on certified reserves as at December 31, 2016 (as reported in IOG's 2016 Annual Report dated April 2, 2017) less production between January 1, 2017 and September 30, 2017. The estimate of oil and gas reserves for the Silvertip, Sheep Springs and Round Mountain Fields were prepared for Incremental Oil and Gas by Mr. Kent Lina, Petroleum Engineer (License No. 60897). In relation to these reserves, the report has been prepared in accordance with the guidelines set forth in the SPE/WPC/AAPG/SPEE Petroleum Resource Management System (2007).

⁴ See Reserves Disclosure

Reserves from the Borie Field are 100% oil. This acquisition will rebalance the proportion of hydrocarbons within the Group from gas weighted to majority oil reserves which gives IOG greater leverage to crude prices.

Permitting of the new wells will commence this quarter.

ENDS

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Reserve disclosure -

Reserve information cited in this announcement for the Borie Field are 1P reserves (as classified in accordance with SPE/WPC/AAPG/SPEE Petroleum Resource Management System (2007)), per an independent third party report. Reserves are reported as effective from 1 October 2017 (the "Report"). Reserves stated in the Report reflect Incremental's economic interest as net of 12.3% royalty interest and were generated, using the deterministic method. Incremental will be the operator of the Borie Field once the transaction is closed and it will hold a ~95% working interest in the land and a net revenue interest of ~83%.

The Report has been prepared by Mr Kent Lina who is a registered Professional Petroleum Reservoir Engineer in the State of Texas, USA (License No. 60897). Mr. Lina has more than 35 years of oil and gas experience, with more than 25 years of reservoir evaluations.

The estimate of oil reserves contained in the Report for the Borie Field was prepared in accordance with the guidelines set forth in the SPE/WPC/AAPG/SPEE Petroleum Resource Management System (2007) and is based on, and fairly represents, information and supporting documentation prepared by Mr. Lina. Mr. Lina is not an employee of the Company or any related parties. He has been contracted to prepare the Report as an independent consultant. Mr Lina consents to the inclusion of this resource information in this ASX release as it appears.

The Company has a high degree of confidence in the commercial producibility of the reservoir referred to as the Borie Field.

With respect to the Borie Field, the Reserves estimates are of commercial oil sales quantities net to Incremental as measured at the main collection point within the field (reserve reference point).

The economic basis for this evaluation takes into account analysis of the available technical data including the geological and geophysical interpretation presented to Mr. Lina by Incremental, publicly available information, information from relevant nearby wells or analogous reservoirs and the proposed development program for the field. The basis for determining that the reserves are economic takes into consideration oil prices based on the NYMEX WTI oil prices and are adjusted for energy content, transportation fees and market differentials applicable to the Borie Field crude oil sales historically and are based on the NYMEX WTI forward strip oil price as at 1-Oct-17 before adjustment for delivery deduct (US\$2.65/bbl) as follows:

Period	Oil Price
2017	US\$51.33/bbl
2018	US\$50.91/bbl
2019	US\$50.57/bbl
2020	US\$50.60/bbl
After 2020	US\$52.13/bbl

Operating costs used in the Reserve estimates are based on operating expense records of the Borie Field provided by the vendor/operator of the Borie Field. These include cost estimates that take into account regional drilling, completion and production expenditures and applicable production taxes.

Incremental has acquired the leases covering the Borie Field which were subject to the Report following the closing of the contracted purchase. Incremental will be the operator of 21 wells in the field. The Report reviewed 13 existing producing wells on leases that cover 2,850 net acres. All leases are held by production (HBP). Production is from the Muddy (also referred to the J Sands) Formation.

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.