

31 July 2017

ASX : IOG

QUARTERLY ACTIVITIES REPORT

For the period ended 30 June 2017

1 HIGHLIGHTS

- Incremental entered into a joint venture in the Williston Basin and drilled the first of four potential prospects;
- Sale of the Florence Oilfield for US\$2M was closed in April 2017;
- Company focused on Williston Basin for acquisition of conventional producing assets.

2 PRODUCTION

Gross production across all fields in Q2-17 was 56,123 BOE, an average of 617 BOEPD.

Incremental's gross production for the last two quarters (Q2-2017 and Q1-2017) and corresponding prior year quarter (Q2-2016) are shown in Table 1 below.

TABLE 1	Q2 2017	Q1 2017	Q2 2016 ¹
Gross Production			
Oil production (Bbls)	13,956	12,770	15,578
Gas production (BOE) ²	30,906	34,354	29,509
NGL production (Bbls)	11,260	9,738	8,795
Total barrels of oil equivalent (BOE)	56,122	56,862	53,882
Average BOEPD	617	632	592

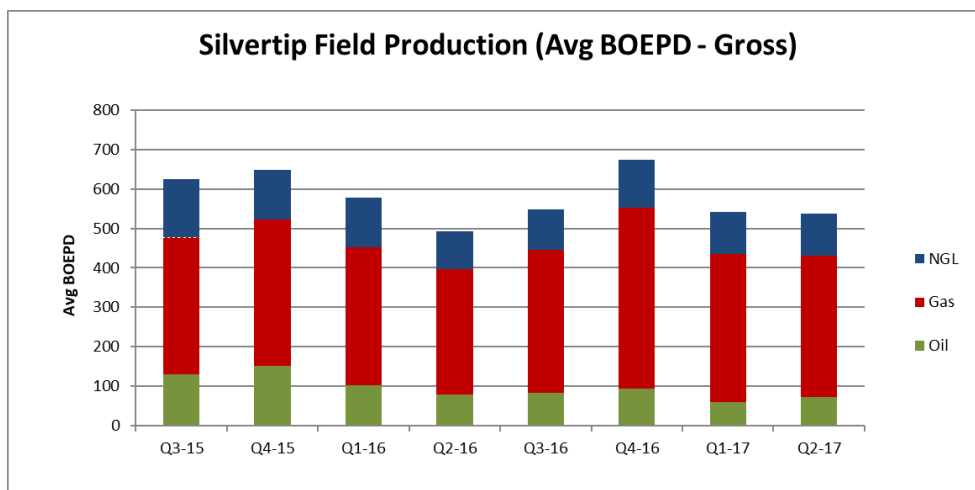
1. Production shown in this table does not include Florence Oilfield (sold with an effective date of 31-Dec-16).

2. Gross gas production includes fuel gas used in the field and processing plant.

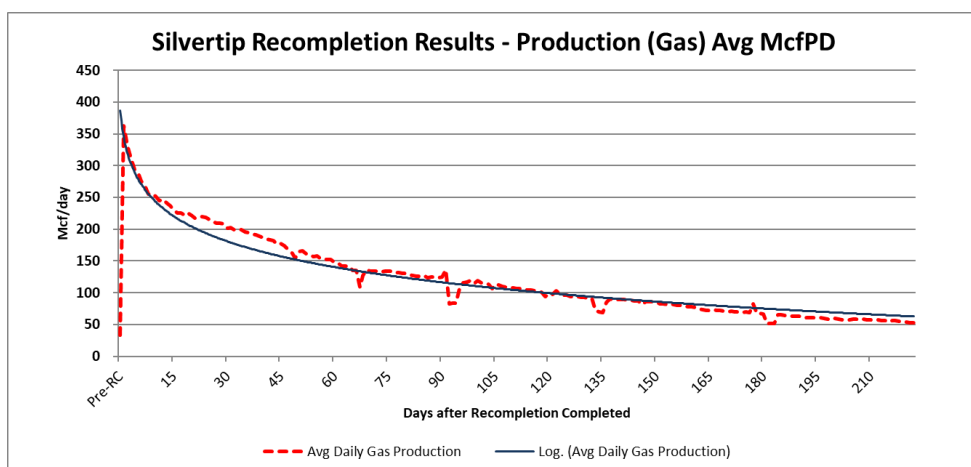
Production from the Silvertip Field for the two years that it has been operated by IOG is shown in Graph 1 below.

Recompletions carried out on ten wells in Q3 and Q4 2016 saw an increase in production, primarily from natural gas. The decline profile of the average of the recompleted wells is shown in Graph 2 below. The decrease in decline rates over time is in line with expectations.

The recompletion program paid out the initial investment in March 2017, six months after commencement.



Graph 1 – Silvertip Gross Production



Graph 2 – Average gas production decline profile from recompleted wells (Silvertip Field)

3 SALES REVENUE

Net volumes of oil, gas and NGL's sold and **Net** sales revenue for the last two quarters (Q2-2017 and Q1-2017) and the corresponding prior year quarter (Q2-2016) are provided in Table 2 below.

TABLE 2	Q2 2017	Q1 2017	Q2 2016
Oil Sold (Bbls) (Excl Florence Field 2016)	10,688	11,699	13,682
Oil Revenue (US\$) (Excl Florence Field 2016)	\$479,897	\$560,897	\$544,712
Average Sale Price (US\$/Bbl) ³	\$44.90	\$47.95	\$39.80
Gas Sold (MCF)	95,176	108,865	99,507
Gas Revenue (US\$)	\$303,524	\$287,544	\$230,953
Average Sale Price (US\$/MCF) ³	\$3.19	\$2.64	\$2.32
NGL Sold (Bbls)	9,213	7,972	7,181
NGL Revenue (US\$)	\$204,190	\$217,804	\$120,130
Average Sale Price (US\$/Bbl) ³	\$22.16	\$27.32	\$16.73
Total Net Barrels of Oil Equivalent sold ⁴	35,763	37,815	37,480
Total Net Sales Revenue (US\$)	\$987,611	\$1,066,245	\$895,795

3. Average Sale Price is net of refinery and transportation deductions.

4. Gas volume (MCF) is converted to Barrels of Oil Equivalent Sold (BOE) on a ratio of 6 MCF of gas per barrel of oil. NGL's are sold in gallons and converted to BOE on a ratio of 42 US gallons of NGL's per barrel of oil.

4 NEWPORTE FIELD EXPLORATION WELL

Incremental participated as a 10% working interest partner in the drilling of an exploration well in the Newporte Field, Williston Basin at a cost of \$152,000.

The Hanson 33-43 well was spudded on June 26 and was drilled in less than ten days to a terminal depth of 9,400 feet where it intersected the targeted Deadwood Formation. No commercial hydrocarbon shows were recorded and the well was plugged and abandoned by the operator, Armstrong Operating, LLC.

A detailed review of the drilling logs from the Hanson 33-43 well is being carried out to determine whether there is any potential for one or more of the remaining four prospects in this field to be drilled. Incremental will consider any recommendation to participate in future wells on the merits of the individual wells and in light of the results of the Hanson 33-3 review results.

Incremental has developed a good working relationship with the successful Armstrong Operating Group and there is potential to participate in other joint venture drilling programs in the future. Armstrong Operating has a Williston Basin focus which aligns with Incremental's new project focus.

5 FLORENCE OILFIELD SALE

Incremental closed the sale of its interests in the Florence Oilfield in Colorado to Fremont Petroleum Corporation Ltd (Formerly Austin Exploration Ltd) for US\$2M in April. The Florence Field was producing 50 barrels of oil per day (Gross) prior to the effective date of its sale.

The proceeds from the sale of Florence were used to reduce bank debt (\$1M) and for working capital.

6 CALIFORNIA FIELDS

The California fields produced an average of 80 bopd with operations continuing as normal.

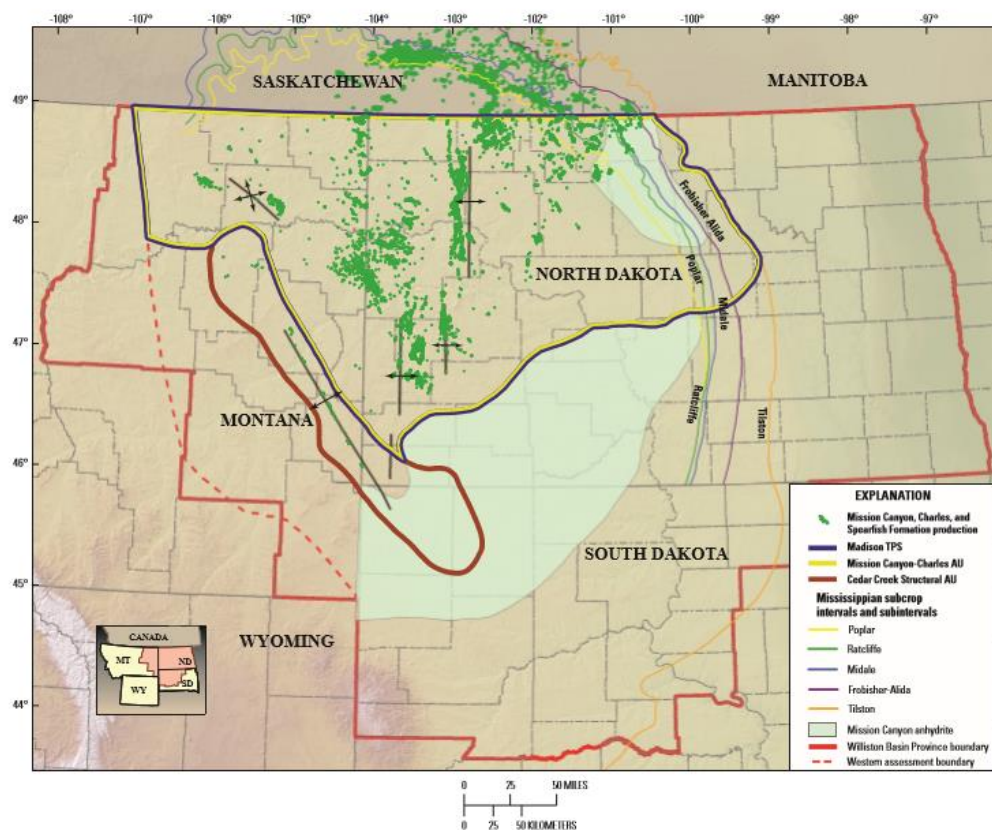
7 SILVERTIP DEVELOPMENT PROGRAM

Production from the Silvertip Field in Q1-17 was effected by a shutdown of the field for 3 days due to compressor maintenance issues. Six producing wells are currently not pumping, three of which account for approximately 11bbls of oil per day and 100mcf of gas per day of production. These wells will be returned to operation when a workover rig is next on site.

Incremental is currently reviewing the potential of implementing a secondary recovery test in the deeper Phosphoria and Tensleep reservoirs. A number of wells have been targeted to return to production as a pilot test.

8 CORPORATE

A number of new development opportunities have been reviewed in the last quarter and some of these are still under review. Management's focus has been on looking at assets and opportunities in the Williston Basin (see map below) in Northern USA which is one of the four largest oil rich basins in the USA.



9 CASH, AND BANK DEBT (Unaudited)

At the end of the quarter, the consolidated cash and bank debt position of the Company were as follows:

Cash (US\$) -	\$1,237,000	(Q1-17 - \$966,000)
	(Q4-16 cash balance includes funds held on deposit as security for performance bonds - \$373,000)	
Bank Debt (US\$) -	\$6.479M	(Q3-16 - \$7.525M)

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GLOSSARY

Bbl	One barrel of crude oil, 42 US gallons volume liquid.
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.
BOEPD	Barrels of oil equivalent per day.
BOPD	Barrels of oil per day.
MCF	One thousand cubic feet (natural gas volumetric measurement).
MMCF	One Million cubic feet.
MCFD	MCF per day.
NRI	Net Revenue Interest.
NGL	Natural gas liquids are naturally occurring elements found in natural gas, and include propane, butane and ethane, among others. The liquids are extracted from the natural gas and sold separately from the gas.
Recompletion	After the initial completion of a well, the action and techniques of re-entering the well and redoing or repairing the original completion, or perforating another reservoir behind pipe higher or lower than the original completion to increase the well's productivity.

Forward-looking Statements

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