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

By: e-lodgement

(ASX code: IOG)

SILVERTIP OIL AND GAS FIELD PURCHASE

Incremental Oil and Gas ("Incremental" or "the Company") is pleased to advise that it has completed the purchase of the Silvertip Oil and Gas Field from Fidelity Exploration & Production Company.

KEY HIGHLIGHTS

- Conventional oil and gas field estimated at 25% Oil, 45% Gas, 30% NGL's
- Leases cover approx. 5,500 net acres – 100% working interest (WI) and approx. 80% of which are held by production (HBP)
- 81% average net revenue interest (NRI)
- 1P Developed Reserves independently certified at 0.58 million BOE¹ net of royalties
- Increase in group 1P reserve base by over 150%
- Purchase price \$6.3m
- Acquisition has been debt financed on normal commercial banking terms



¹ Barrels of oil equivalent (BOE) at standard oilfield conditions with gas converted to barrels of oil equivalent at a ratio of 6:1

The Silvertip Field lies within the Bighorn Basin in Wyoming USA, which hosts operations of a number of significant E&P companies including Marathon Oil Company, Encore Energy Partners, Devon Energy Production Co and Whiting Oil and Gas Corp.

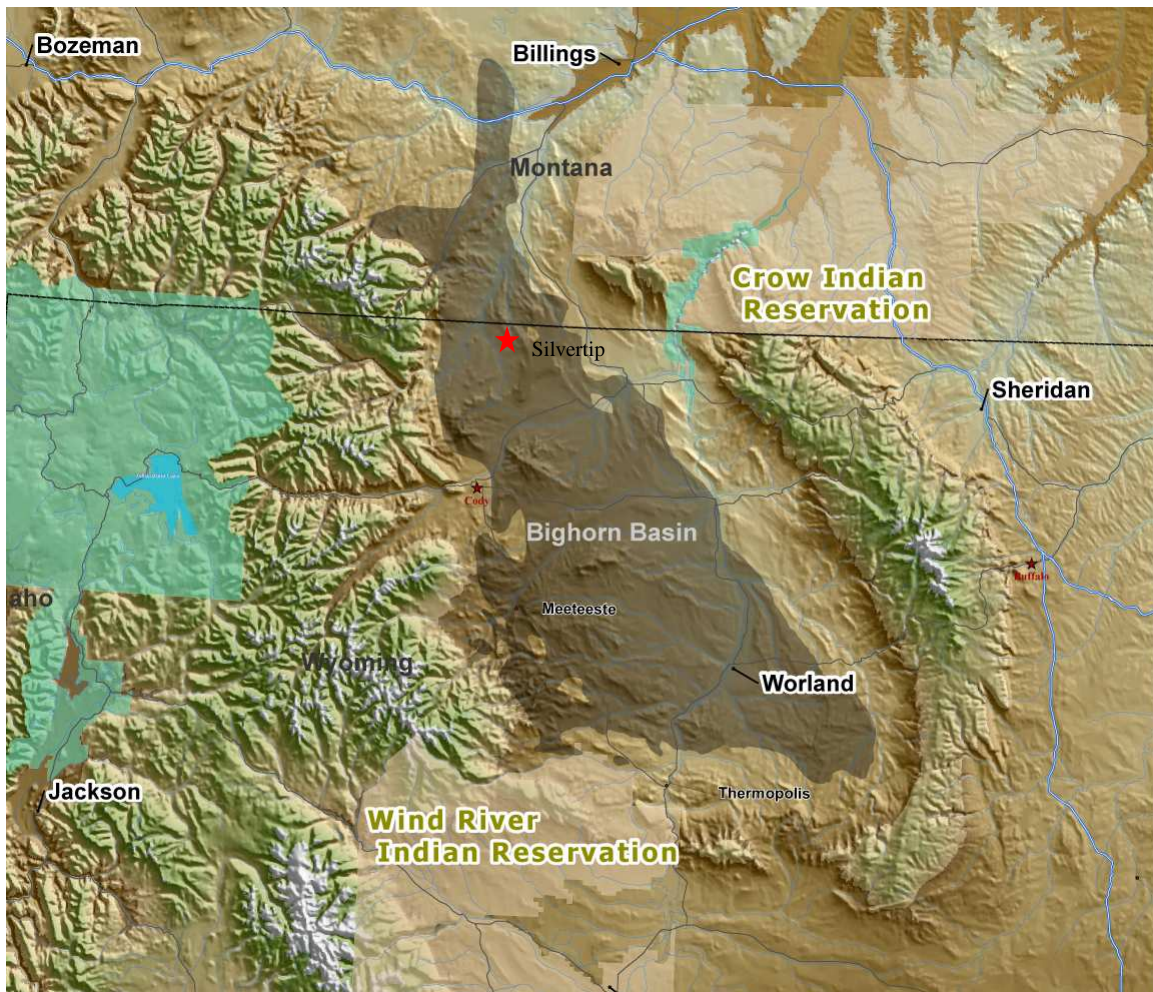


Figure 1: Location Map – Silvertip Field and Bighorn Basin

The Silvertip Field is structurally defined and is a part of a larger anticlinal structure which culminates just east in the Elk Basin Field.



Figure 2: Silvertip Field and surrounding oil and gas fields

The field is a shallow conventional oil and gas play with a large west dipping thrust fault on the eastern boundary of the field which acts as trapping mechanism. The NE-SW trending tensional faults can create compartmentalization which sets up high density well spacing (See Figure 3).

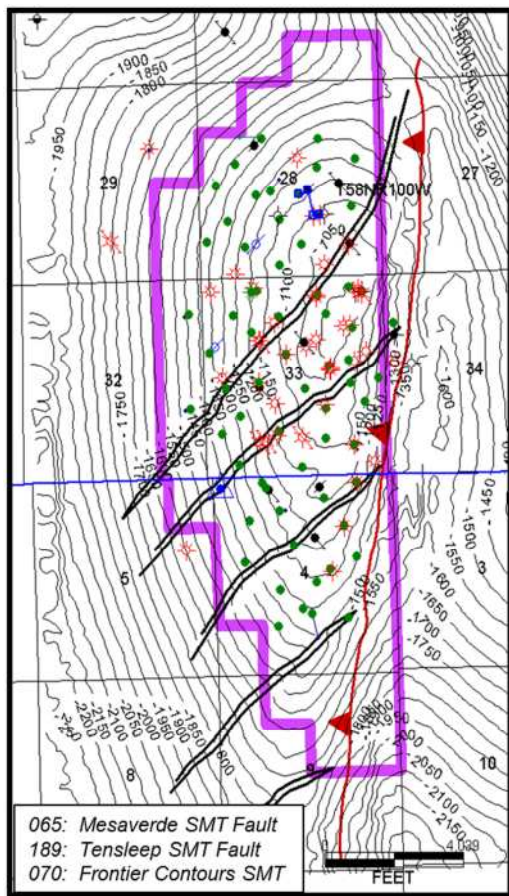


Figure 3: Silvertip Field geologic structure

The data acquired with the Silvertip project includes 14.8 square miles of 3D seismic which will be used in targeting deeper formations and defining the outer boundaries of the field. The field has multiple pay zones from 1500-9000 feet with proven production from 6 different formations (See Figure 4 below).

The Silvertip Field contains 105 wells 92 of which are producing, 2 water injection wells and 13 shut in wells. The field covers an area of 5,500 net acres, 80% of which is held by production and has an average net revenue interest of 81%.

Average production from the field in December 2014 was 360 boe¹/d (25% oil and 33% NGL's²). The Silvertip Field has been returned to production in June after having been shut-in due to mechanical issues since January, and production details will be reported once the field output has stabilised.

Plant and equipment on site is capable of processing 4.5 MMcf of gas per day. Gas from the field contains a relatively high proportion of liquids which are extracted and sold as natural

gas liquids (NGL's). The pumping equipment in the field is in good working order with many of the wells having been drilled in the last ten years. There are in excess of 12 miles of gas gathering pipelines from the field to nearby transportation pipelines.



² Natural Gas Liquids

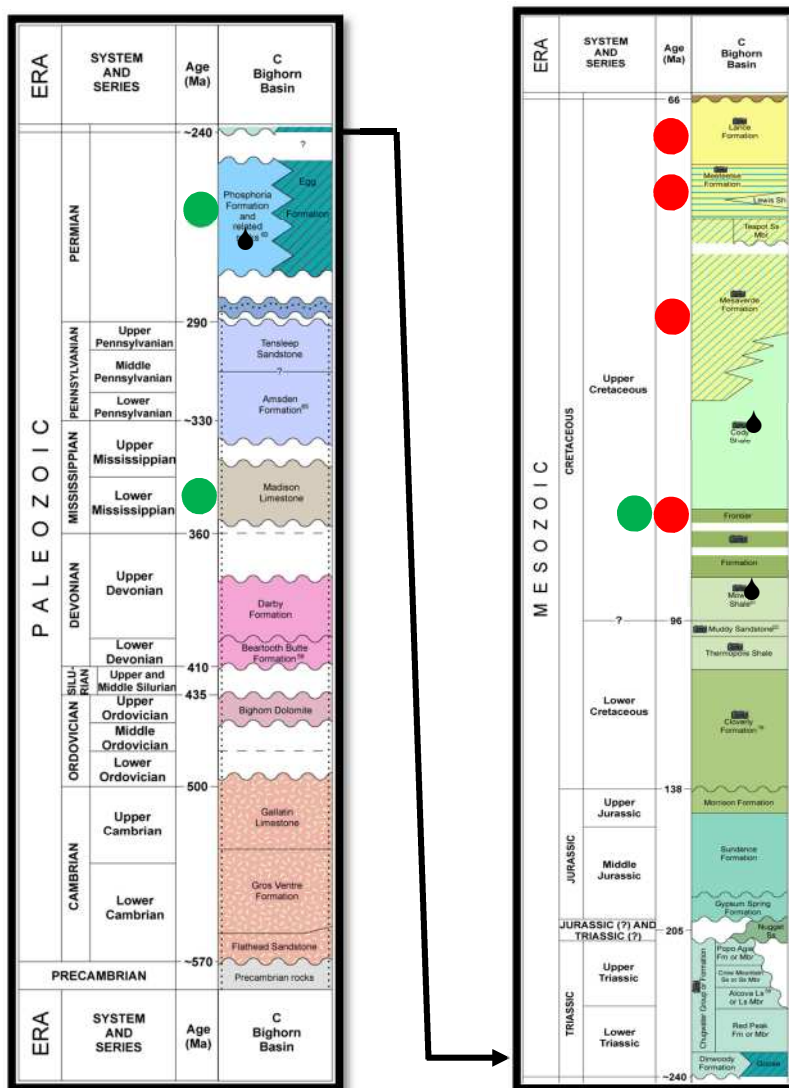


Figure 4: Silvertip field formations
(♦ - source rock. ● - oil. ● - gas)

Based on independently certified reserves for the Silvertip Field, the acquisition of the Silvertip Field has increased the total Incremental Group 1P developed reserves by more than 150%.

Reserves Net of Royalties -

	Oil - bbls ³	Gas - Mcf ⁴	Total BOE ¹
Sheep Springs ⁵	199,000	150,000	224,000
Round Mountain ⁵	37,000	-	37,000
Florence ⁵	109,000	-	109,000
Total Pre-Acquisition	345,000	150,000	370,000
Silvertip ⁶	183,000	2,387,000	581,000
Total	528,000	2,537,000	951,000

³ Barrels

⁴ Million cubic feet

⁵ Reserves as at 31 December 2014 less production for the period January to June 2015. The estimate of oil reserves and resources for the Sheep Springs, Round Mountain and Florence Oilfields were prepared for Incremental Oil and Gas by Alan Burzlaff, Petroleum Engineer (License No. P1386) of MHA Petroleum Consultants. The report in relation to the resources has been prepared in accordance with the guidelines set forth in the SPE/WPC/AAPG/SPEE Petroleum Resource Management System (2007).

⁶ See Reserve Disclosure at back of ASX announcement.

The acquisition has been debt financed on normal commercial banking terms by the company's banker, ANB bank, as detailed to ASX on 29th June 2015.

Work has commenced on Incremental's field development plan. Short to medium term increases in production from low cost field optimisation are the focus of management's attention. Information will be provided as results are available for production and other operational matters.

Yours sincerely

JOHN WHISLER
Managing Director



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Reserve disclosure -

Reserve information cited in this News Release for the Silvertip Project are P1 reserves, per an independent third party report effective 1 May 2015 ("Report") from Mr Kent Lina who is a registered Professional Engineer in the State of Texas, USA. Lina has 34 years of oil and gas experience, with in excess of 25 years of reservoir evaluations. The estimate of oil reserves and resources for the Silvertip Field was prepared in accordance with the guidelines set forth in the SPE/WPC/AAPG/SPEE Petroleum Resource Management System (2007). Mr Lina consents to the inclusion of this resource information in this ASX Release as it appears and information relating to the Reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Lina.

The Report reviewed only P1 reserves, unrisks. All Petroleum Initially in Place figures relate to discovered quantities. Figures shown reflect Incremental's economic interest as Operator (US Dollars) net of ~18% royalty or other burdens and were generated, using the deterministic method. Forecasted figures were derived using forward commodity strip pricing (minus ~US\$10/bbl for oil and US\$0.19/Mcf for gas), regional drilling, completion and production expenditures, and applicable production taxes. Incremental is the title holder of the tenement/leases held covering the Silvertip Project which were subject to the Report. The Report reviewed approximately 98 existing wells that are in production on leases that are held by the Company covering 5,500 net acres. Reserves were determined in the Report after Mr Lina completed an analysis of the available technical data including the geological and geophysical interpretation presented to him by Incremental and the previous owner and operator Fidelity Exploration & Production Company, publically available information, information from relevant nearby wells or analogous reservoirs and the proposed program for the project. Incremental is the operator of the Project and holds a 100% WI in the land.

The report stated 580.7 MBOE of developed reserves from existing facilities. Hydrocarbon marketing and infrastructure related thereto are commonplace in the area and available to the Company; at this time the Company does not expect the development of this project will require burdensome environmental permits. In establishing the Probability of Success, Mr Lina gave consideration to both geological and commerciality factors. The geological factors include the four main geological components of a petroleum system needed for commercial production, source rocks available to generate hydrocarbons, reservoir rocks to accumulate hydrocarbons, a stratigraphic or structural trapping mechanism with a seal to hold hydrocarbons and a mechanism and proper geological timing allowing for hydrocarbons to migrate into the trap.