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**ASX Announcement/Media Release**

**9 December 2016**

## **DIVESTMENT of NON-CORE ASSET**

Incremental Oil and Gas is pleased to advise that it has entered into a Term Sheet Agreement with Austin Exploration Ltd to divest of Incremental Oil and Gas (Florence) LLC. Incremental Oil and Gas (Florence) LLC owns a 100% working interest in the Florence Oilfield located in Colorado, which is one of the company's non-core assets.

The effective date for this transaction will be December 31, 2016 with a closing date of March 6, 2017. The US\$2M purchase price includes 22 wells and 2,820 net acres, 2,436 acres of which are held by production. A non-refundable deposit of \$50,000 has been paid with a further non-refundable down-payment of \$150,000 due on or before December 30 contemporaneously with the execution of the purchase and sale agreement.

The Florence Oilfield was acquired by Incremental in July 2012 for US\$12.25m. Since that time, the Field has produced approximately 230,000 barrels of oil with gross revenues of US\$20.7M. It has remained profitable even through the recent oil price downturn, mainly because the light, sweet crude is produced water free, thus keeping lifting and production costs low.

The Florence Oilfield was discovered in 1876 and has been in continuous production since. Over 15 million barrels of oil have been produced from the fractured Pierre Formation from about 3000'.

Incremental retains a 2.5% overriding royalty interest in the prospective Niobrara Formation which underlies the Pierre.

**ENDS**

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## **About the Company:**

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Incremental Oil and Gas Ltd 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, 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 NRI's between 78.5 - 87.5%.

**All reference to dollars or \$ mean US\$ unless otherwise stated.**

## **FORWARD LOOKING STATEMENT**

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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.