

incremental

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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)

ACQUISITION OF SILVER TIP OILFIELD, BIGHORN BASIN, WYOMING

Incremental Oil and Gas is pleased to advise that it has entered into a Purchase and Sale Agreement (PSA) with Fidelity Exploration & Production Company to acquire a 100% working interest in the Silver Tip Oil and Gas Field located in the Bighorn Basin, Wyoming.

PSA Terms -

- The effective date for this transaction will be 1 June 2015 with a closing date of 1 July 2015;
- The purchase price is US\$6.3M;
- A deposit of 10% of the purchase price was paid upon signing of the PSA.

Field information -

- Located 20 miles NW of Powell in Park County, Wyoming;
- The field contains 107 wells and has an area of 5,530 net acres, 80% of which is held by production;
- The average net revenue interest is 82%;
- The field has been partially shut in since February 2015 due to installation of a new plant compressor which is expected to be in operation prior to closing; and
- The most recent production in December 2014, prior to the field being shut in, was 360¹ boe/d (25% oil, 33% NGLs).

Funding

Funding for the transaction is expected to be from the IOG's current banker and the company has executed a terms sheet in relation to a facility that will be sufficient to finance this transaction.

¹ Oil equivalent at standard oilfield conditions with gas converted to barrels of oil at a ratio of 6:1

History

The Silver Tip Field was discovered in 1948 and has produced about 13 million boe to date.

Proven hydrocarbons are present in six reservoirs ranging in depth from 450m (1500 ft) to 2750m (9000 ft). Many of the wells have been drilled in the last 10 years and surface facilities are modern. The hydrocarbons are trapped with a fault bound anticlinal structure. More than 15 square miles of 3D seismic data is included with the acquisition.

A long and diligent search for the right asset has culminated in a transaction which provides a platform for Incremental to expedite its growth model. The Silver Tip acquisition is the first of many planned acquisitions which will work to maximize our investor's returns.

Yours sincerely



JOHN WHISLER
Managing Director