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The Manager Companies
Company Announcements
Australian Securities Exchange
Level 40, Central Park
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By: e-lodgement

(ASX code: IOG)

BANK FINANCE FOR SILVERTIP OIL AND GAS FIELD, WYOMING USA

Incremental Oil and Gas ("Incremental" or "the Company") is pleased to advise that it has signed documentation for a loan facility with ANB Bank, to fund the acquisition of the Silvertip Oil and Gas Field and working capital which was announced to ASX on 12th May 2015.

The loan facilities are on normal commercial banking terms and include:

Revolving Loan –

Amount - Drawdown up to US\$7,000,000
Term of Loan - 2 years
Purpose of funds - Loan funds can be used for capital expenditures relating to the acquisition of oil and gas properties, drilling and well development and for general working capital.
Interest Rate - Commercial banking terms, approximately 4% p.a.

Term Loan -

Amount - US\$1,000,000
Term of Loan - 5 years
Purpose of funds - Funds are to be used solely for the acquisition of the Silvertip equipment
Interest Rate - Commercial banking terms, approximately 4% p.a.
Repayments - Monthly principal repayments of US\$16,667 plus the accrued monthly interest on the outstanding principal.

The loan facilities are secured by a mortgage over the Company's oilfields and associated assets including Sheep Springs and Round Mountain in California, Florence in Colorado and the Silvertip Field in Wyoming.

Conditions Precedent –

- Documentation, title and legal opinions and certificates of good standing that would be standard for any such commercial loan to be in place;
- A site appraisal of Silvertip Field operations and equipment acceptable to ANB;
- Representative of ANB to have inspected the Silvertip Field and be satisfied with the Field's environmental conditions and independent report.

Loan Facility Covenants –

- Normal reporting, repayment, notice of material events, maintenance of properties, payment of taxes, insurances and operating expenses, compliance with laws including environmental regulations and maintaining of positive working capital that would be standard for any such commercial loan;
- A modified current ratio must be at least 1:1. The modified current ratio is the ratio of (a) current assets (including any and all unused availability under the Revolving Loan, but excluding assets resulting from any mark-to-market of unliquidated hedge contracts); to (b) the sum of Incremental's current liabilities (excluding the current portion of long term Debt with the exception of principal that is due within ninety (90) days and liabilities resulting from any mark-to-market of unliquidated hedge contracts), all determined on a consolidated basis pursuant to the most recent financial statements delivered by the Company to ANB.
- Limitations on liens, additional debt, sale of property, amendment of contracts, change of ownership, distribution of profits and subordination of inter-company debt.

Incremental is working towards closing the transaction in the first week of July 2015.

Yours sincerely



SIMON ADAMS
CFO/Company Secretary

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