

ASX Announcement/Media Release

9 September 2016

IP of Gas Well Recompletion above Expectations

- Well recompletion in the Silvertip Field achieves 5-day average Initial Production rate in excess of 1,200 MCFD at greater than 400 PSI flowing casing pressure
- Capex for recompletion less than forecasted \$35,000 AFE
- Less than three week payout from net revenue
- Phase II Work Program is ongoing with further well recompletions scheduled

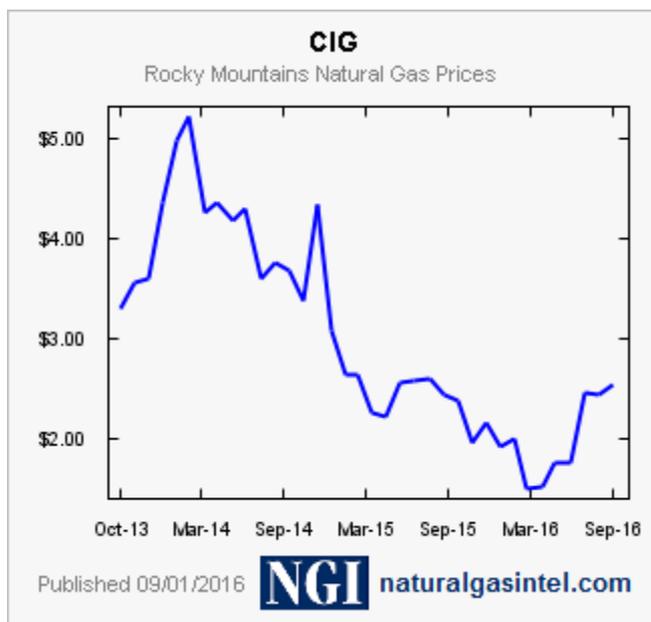
Incremental Oil and Gas Limited (ASX: IOG) is pleased to announce the recompletion of the 42-4F well on September 1, 2016. This well is the first Meeteetse formation recompletion in Incremental's Phase II Work Program at the Silvertip Field (Wyoming, USA) and recorded a 5-day average initial production (IP) rate exceeding 1,200 MCFD with greater than 400 PSI flowing casing pressure. The results indicate virgin reservoir conditions with excellent flow characteristics.

Incremental's immediate return on investment is substantial due to higher than expected IP and lower costs than those forecasted, with a total expenditure was under US\$35,000. In addition, infrastructure to capture and transport the gas is already in place as the 42-4F well is connected to Incremental's gas processing plant at the Silvertip Field. Gas is transported from Incremental's gas plant and delivered directly to the purchasers' pipelines.

John Whisler, Incremental's Managing Director stated, "We are thrilled about the success of the 42-4F recompletion. The unexpected IP of 1200 MCFD was a pleasant surprise, but I was even more excited about the amount of reservoir energy illustrated by the flowing casing pressure in excess of 400 PSI at this depth. This is a fantastic start to our Meeteetse formation recompletions and we are eager to perform more in the upcoming months."

Incremental expects the payout for this recompletion procedure to be less than three weeks based on current gas prices. Incremental has a 100% working interest (WI) in the Silvertip Field with a net revenue interest (NRI) of approximately 82%.

To maximise company returns, Incremental strategically timed its Phase II Work Program to coincide with increased gas prices (refer to "Colorado Interstate Gas (CIG) Price, Rocky Mountains" chart below) and expected greater gas consumption during the US fall and winter months.



Historical price for gas sold from the Silvertip Field

Incremental is in the process of reviewing the successful new completion method used in the recompletion of the 42-4F well. This new lower cost method may be utilised for the remaining Meeteetse formation recompletions.

Incremental will release information on production from workovers and recompletions once flow rates stabilise.

ENDS

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About the Company:

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.

GLOSSARY

AFE	Authorization for expenditure, a budgetary document, usually prepared by the operator, to list estimated expenses of drilling a well to a specified depth, casing point or geological objective, and then either completing or abandoning the well.
Behind-pipe	Hydrocarbons present in formations that existing wellbores have passed through to reach their original targeted formation. Behind-pipe reserves require recompletion work prior to the start of production.
Formation	A formal term used to reference a genetically related rock unit.
Initial production (IP)	The rate of initial flow from an oil or gas well.
Mcf	One thousand cubic feet (natural gas volumetric measurement).
Mcfd	Mcf per day.
Net revenue interest (NRI)	Share of production after all burdens, such as royalty and overriding royalty, have been deducted from the working interest. This is the percentage of production that each party actually receives.
Perforate	To pierce holes through well casing within an oil or gas-bearing formation by means of a perforating gun lowered down the well bore and fired electrically from the surface. The perforations permit production from a formation which has been cased off.
PSI	Pounds per square inch.
Recompletion	The completion (or perforation) of an existing wellbore in a different formation from that in which the well was originally completed.
Working interest (WI)	Investment interest in which the investor participates in the profits of any successful wells and is directly liable for the relevant portion of the ongoing costs associated with exploration, drilling and production.

FORWARD LOOKING STATEMENT

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.