

ASX Announcement/Media Release

13 April 2016

**INCREMENTAL LAUNCHES ITS PHASE II WORKOVER PROGRAM
IN THE SILVERTIP FIELD**

- **Over 3BCF of behind-pipe gas reserves expected to be recovered**
- **More than 30 wells in the Silvertip Field identified as workover and recompletion targets**
- **\$7.1M of future net cash flow expected from 24 low cost recompletions**

Incremental has launched its Phase II Workover Program in the Silvertip Field to capitalize on the success of two recompletions completed in 2015. The Phase I Workover Program increased average Q4-15 production in the Silvertip Field to over 600 BOEPD. In addition, the two recompletions led to an increase in net proved developed reserves (independently certified) to 1,272 MBOE and an estimated PV10 value of \$12.56M.

The results of the Phase I Workover Program were encouraging and exceeded Incremental's expectations. Incremental continues to monitor the results of its Phase I Workover Program and is driven to achieve optimal operational efficiencies in the field.

"We are very pleased with the success of the Phase I Workover Program and increase in production. But we are even more excited about the results of the shallow gas recompletions and amount of proven upside the team has discovered, along with the dedication of the team in implementing the Phase II Workover Program," said John Whisler, Managing Director of Incremental.

Two successful recompletions in the Silvertip Field in 2015 have resulted in an independently certified recoverable gas reserves of 3BCF in the shallow Meeteetse and Mesaverde formations, effective 1 January 2016. The Under-developed Meeteetse and Mesaverde formations are at 2000 feet (609 meters) and 3000 feet (915 meters), respectively, and are 3000 feet shallower than the Frontier – the primary producing formation. Economic modelling of these reserves confirmed by an independent third party for the recompletions has assumed conservative IPs of 150 MCFd for the Meeteetse formation and 100 MCFd for the Mesaverde formation.

Incremental's Phase II Workover Program consists of workovers and recompletions of over 30 wells. Specifically, 24 wells have been identified for shallow-gas recompletions. All recompletions will be performed within existing wellbores and therefore no additional well drilling costs, nor lease operating costs are expected with the additional production. The 24 recompletions are projected to provide circa \$7 million of future net cash flow.

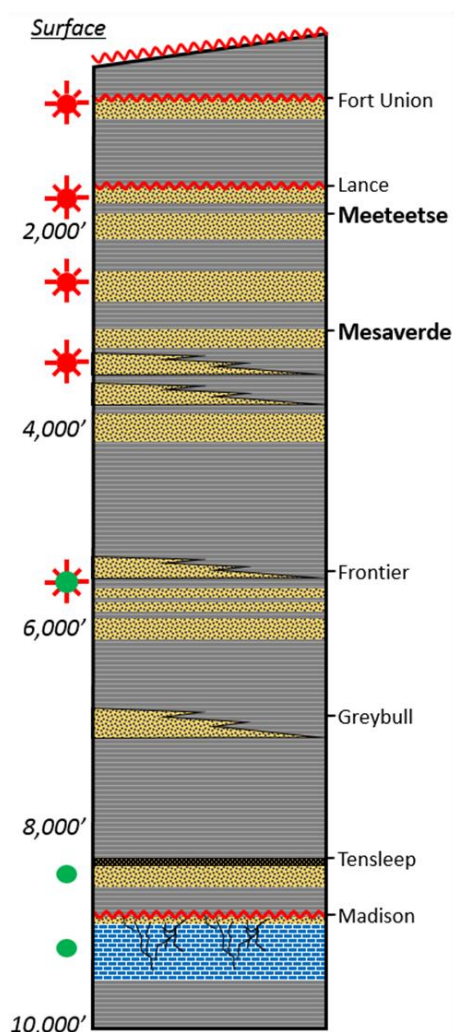
The cost to complete the Phase II Workover Program is relatively inexpensive. The formations will be perforated and acid stimulated with a relatively low-cost CAPEX of US\$35,000 per well for a total of \$1 million.

The average EUR from these wells is 131.8 MMCF per well.

Incremental began filing its necessary permits early this year. In March and April 2016, the Wyoming Oil and Gas Conservation Commission, the state regulatory authority, began approving the requested operations and permits.

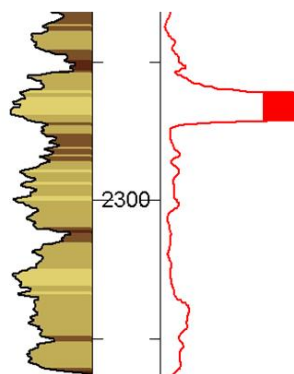
PROVED DEVELOPED NON-PRODUCING SHALLOW GAS

20+ WELLS TARGETING 3 BCFG – LOW COST RECOMPLETIONS



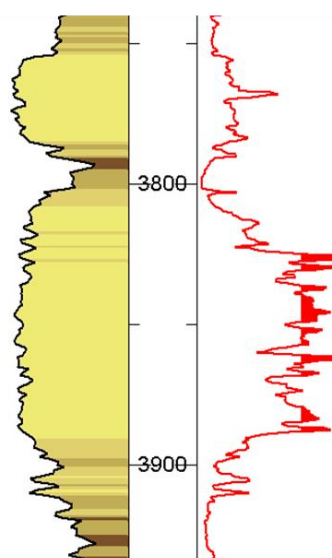
- ◆ Proven infield production from both Meeteetse and Mesaverde
- ◆ Low cost re-completions of existing wellbores
- ◆ 20+ wells identified with pay in Meeteetse and/or Mesaverde

MEETEETSE RECOMPLETION



GR RES

MESAVERDE RECOMPLETION



GR RES

incremental
OIL AND GAS
USA HOLDINGS INC.

ENDS

About the Company:

Incremental Oil and Gas Ltd is an USA onshore focused oil and gas development & production company. Its 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.

Incremental's primary focus is field development & production, with a strong emphasis on generating cash flow. 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 NRIs between 78.5 - 87.5%.

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GLOSSARY

1P Reserves	Quantities of petroleum, which by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward and from known reservoirs and under defined economic conditions, operating methods, and government regulations
Bbl	One barrel of crude oil - 42 US gallons volume liquid
Behind-pipe	Reserves 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.
BCF	One billion cubic feet (natural gas volumetric measurement)
BOE	Barrels of oil equivalent - the conversion of gas to BOE is determined using ratio of six (6) MCF of natural gas to one Bbl of oil
BOEPD	Barrels of oil equivalent per day
EUR	Estimated ultimate recovery - an approximation of the quantity of oil or gas that is potentially recoverable or has already been recovered from a reserve or well
IP	Initial Production - The rate of initial flow from an oil and gas well
MCF	One thousand cubic feet (natural gas volumetric measurement)
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PV10	Present value of estimated future net oil and gas revenues (net of royalty burdens, production taxes and estimated direct expenses associated with production), discounted at an annual rate of 10%.
Recompletion	The completion of an existing wellbore in another formation from that in which the well was previously completed
Workover	The repair or stimulation of an existing producing well for the purpose of restoring, prolonging or enhancing the production of hydrocarbons

Forward-looking Statements

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.