

ASX Announcement/Media Release

31 May 2016

Chairman's Address at AGM

We are pleased to be meeting with shareholders to provide an update on what we have achieved in 2015 and how we plan to grow the business in 2016 and beyond.

It goes without saying that the oil and gas prices that we have seen for the last six months have placed pressure on our industry which has also had ramifications for the broader global economy. Incremental has been able to weather this period thanks to the early decisions that were made by Management and the Board to cut costs and position ourselves for a period of lower revenues back as early as 2014.

Despite the low commodity price environment, Incremental was able to report a fourth successive positive EBITDA (earnings figure before interest, tax, depreciation and amortisation) in 2015. The Company has continued to operate all of its fields profitably in the first quarter of 2016 and has met all of its bank covenants and repayment commitments, notwithstanding oil prices down as low as \$26 per Bbl.

The Board and Management's strategy of building sustainable growth in the business through the acquisition of assets with development potential has continued, and has been assisted by the downturn in oil prices where we are seeing assets on the market at good value prices.

Incremental took advantage of this in June 2015 by acquiring the Silvertip Field in Wyoming.

Within the first six months of this field being acquired, management had:

- Reduced headcount from 9 to 3 fulltime personnel,
- increased production by more than 50%,
- 1P Proved Developed Reserves had increased by 43%,
- Identified and proved up a low cost recompletion program that will target 3Bcf of behind pipe shallow gas with an independently certified potential net future cash flow of \$7.1M.

These periods of uncertainty also create further opportunities for Incremental. The Company continues to investigate further acquisition prospects and forms a core part of the Company's growth strategy.

2015 Performance

The Company:

- Achieved an average production rate for the Group of 822 boepd in Q4 –a company record.;
- Increased Total Company 1P oil and gas Reserves to 1.73 million BOE;
- Reduced lease operating expenses from ~\$16 per BOE in 2014 to ~\$7 per BOE for 2015.

Current Activities

Permitting and technical work has continued in Q1-16 for a 24 well recompletion program at the Silvertip Field which is expected to commence shortly.

In conclusion, we look forward to reporting further operational improvements, and the next acquisition in due course.

The Board takes this opportunity to thank our management and field teams for their hard work throughout the year, and thank our shareholders for their ongoing support.

ENDS

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About the Company:

Incremental Oil and Gas Ltd is an USA onshore focused oil and gas development 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, and increase 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 NRIs between 78.5 - 87.5%.

Gross production in Q1 2016 was 734 boepd.

Forward Looking Statements

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect the Incremental's views and assumptions with respect to future events as of the date of this presentation 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 presentations 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.