

31 January 2018

ASX : IOG

QUARTERLY ACTIVITIES REPORT

For the period ended 31 December 2017

1 HIGHLIGHTS

- Gross production for the quarter averaged 551 BOEPD - increase of 5% from Q3-17
- Purchase of the Borie Oilfield in December 2017

2 PRODUCTION

Gross production across all fields in Q4-17 was 50,716 BOE, an average of 551 BOEPD, an increase of 27 Boepd over the previous quarter.

Gross production for the last two quarters (Q4 and Q3-2017) and corresponding prior year quarter (Q4-2016) are shown in Table 1 below.

TABLE 1	Q4 2017	Q3 2017	Q4 2016 ¹
Gross Production			
Oil production (Bbls) ²	17,344	12,741	16,760
Gas production (BOE) ³	25,873	26,627	42,693
NGL production (Bbls)	7,498	9,025	11,063
Total barrels of oil equivalent (BOE)	50,716	48,393	70,515
Average BOEPD	551	526	766

1. Production shown in this table does not include Florence Oilfield (sold with an effective date of 31-Dec-16).

2. Includes production from Borie Field for Q4 (Oct-Dec) 2017

3. Gross gas production includes fuel gas used in the field and processing plant. Gas is converted to barrels of oil equivalent (BOE) using a conversion rate of 6 MCF of gas to 1 barrel of oil.

The California fields (Sheep Springs and Round Mountain) continued with stable production during the third quarter.

3 SALES REVENUE

Table 2 below shows **Net** volumes of oil, gas and NGL's sold and **Net** sales revenue for the last two quarters (Q4 and Q3-2017) as well as the corresponding prior year quarter (Q4-2016).

TABLE 2	Q4 2017	Q3 2017	Q4 2016
Oil Sold (Bbls)	14,153	11,339	13,709
Oil Revenue (US\$)	\$768,713	\$518,255	\$608,644
Average Sale Price (US\$/Bbl) ⁴	\$54.31	\$45.70	\$44.40
Gas Sold (MCF)	68,752	80,815	152,161
Gas Revenue (US\$)	\$207,648	\$240,740	\$438,223
Average Sale Price (US\$/MCF) ⁴	\$3.02	\$2.98	\$2.88
NGL Sold (Bbls)	6,129	7,380	9,044
NGL Revenue (US\$)	\$197,192	\$193,224	\$212,447
Average Sale Price (US\$/Bbl) ⁴	\$32.17	\$26.18	\$23.49
Total Net Barrels of Oil Equivalent sold ⁵	31,741	32,189	48,113
Total Net Sales Revenue (US\$)	\$1,173,553	\$952,218	\$1,259,313

4. Average Sale Price is net of refinery and transportation deductions.

5. Gas volume (MCF) is converted to Barrels of Oil Equivalent Sold (BOE) on a ratio of 6 MCF of gas per barrel of oil. NGL's are sold in gallons and converted to BOE on a ratio of 42 US gallons of NGL's per barrel of oil.

4 BORIE OILFIELD ACQUISITION, DJ BASIN, WYOMING

The acquisition of the Borie Oilfield located in The DJ Basin, Wyoming was completed in December 2017. The effective date of this acquisition was October 1 and the Company took over operations in December after the purchase was finalised.

The field was discovered in the 1950's and has produced ~5.5 million barrels of oil from the Muddy/J-Sand formations which are at a depth of ~7,500'. The field covers leases with a net area of 2,850 acres, all held by production. There are 11 producing wells in the field. The criteria for selection of this field were as follows:

Selection Criteria	Information
<ul style="list-style-type: none"> Oil weighted conventional assets 	The Borie Oilfield is 100% oil producing. Production is from the Muddy (also referred to as J-Sand) Formation from vertical, conventional wells.
<ul style="list-style-type: none"> Immediate/near-term cash flow 	The Borie Oilfield was acquired with production of ~60 bopd . New wells and secondary recovery enhancement has the potential to increase production.
<ul style="list-style-type: none"> Development potential 	Proven undeveloped (PUD) well locations have been identified for future development.
<ul style="list-style-type: none"> Onshore USA 	Wyoming, DJ Basin.
<ul style="list-style-type: none"> Infrastructure in place 	Tank batteries, flowlines, pump jacks, electric infrastructure , piping, etc. were included in the transaction.

The Borie Field provides immediate profitable cash flow while also presenting future development opportunities for successful new oil wells.

The Borie Field lies within the DJ Basin which is one of the most prolific oil and gas producing regions in North America.



5 CORPORATE

The Company successfully completed a rights issue in November 2017 which raised A\$2 million. Funds were used to purchase the Borie Field and pay for associated statutory environmental bonds.

In November, the company announced that it will be changing its name to Eon NRG Limited subject to shareholder approval at an EGM to be held on 6th February. The new ASX ticker code for Eon NRG will be "E2E". The name change reflects a change in strategy from acquiring producing assets with recompletion and workover development opportunities to a more aggressive value accretion strategy through drilling.

6 CASH, AND BANK DEBT (Unaudited)

At the end of the quarter, the consolidated cash and bank debt position of the Company were as follows:

Cash (US\$) - \$1,257,400 (Q3-2017 - \$1,248,900)
 (Q4-16 cash balance includes funds held on deposit as security for performance bonds - \$672,700)

Media Contacts:

Australia –

Simon Adams, CFO
 email : sadams@i-og.net
 Phone : +61 (08) 6144 0590
 Mobile : +61 (0)439 845 435

USA –

John Whisler, Managing Director
 email : jwhisler@i-og.net
 Phone : +1 (720) 763-3183

Web site: www.incrementaloilandgas.com **Twitter:** @IncrementalOG

Forward-looking Statements

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