

4th June 2013

The Manager Companies
Company Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

NIOBRARA DEVELOPMENTS – FLORENCE OILFIELD

- **More than 2000 acres added to Florence leasehold**
- **Applications are being submitted for permits to drill up to four horizontal wells into the Niobrara over the next 12 months**
- **The company is actively progressing early stage farm-in discussions with a number of highly qualified interested parties**

The Company is pleased to announce that continued progress is being made in the development of the Florence Oilfield. The leasehold now held by Incremental in Florence totals 24,146 acres, with some 2000 acres added since late 2012.

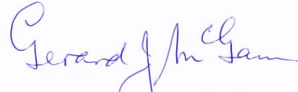
Applications will be submitted in the coming weeks to the Colorado Oil and Gas Conservation Commission (COGCC) to seek permits to drill four horizontal wells into the Niobrara, below the currently productive Pierre zone, in the next 12 months.

As announced previously, the Niobrara is thought to contain 17 MMbbl's of certified contingent resources in multiple zones which are at approximately 4000' in depth. IOG has a large mostly contiguous acreage position and there are more than 12 and perhaps 25 potential Niobrara well locations available as follow-up locations. Core and log samples taken from previously drilled Niobrara wells in the Florence Oilfield suggest that resistivity and maturity are similar to the characteristics of the Wattenberg Field, some 190 miles north of Florence in the DJ Basin, where initial production (IP) rates of 500 boepd have been recorded from horizontal wells on a regular basis, and Noble Energy recently announced that it was drilling a number of wells that were expected to produce more than 1 million barrels each.

The company is actively progressing early stage farm-in dialogue with a number of parties who display both the required technical, commercial and operating experience in similar large scale resource plays. We are confident that further progress on this front

will be made over the coming months with the rapid development of this project being our key goal. It is important to ensure that the deeper zones in the Florence Oilfield are developed with proven technology and in conjunction with an experienced horizontal well operator to mitigate technical risk and ensure the commercial success of this large resource play. The development of the Niobrara resources at Florence is expected to add significant value to the company.

Yours sincerely

A handwritten signature in blue ink, reading "Gerry McGann", is positioned above the printed name.

GERRY MCGANN
Managing Director