

10th September 2012

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

By: e-lodgement (ASX code: IOG)

Dear Sir/Madam

Smoot 7 produces 89 bopd

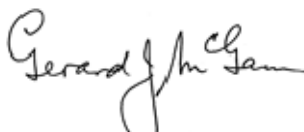
Incremental is pleased to announce that Smoot 7 in the company's Round Mountain Oilfield has produced at an average rate of 89 bopd over the first 4 days of production. Production is from the Walker Formation.

This is an excellent result from a well that was drilled in two days and cost less than \$450k. There is at least one more drillable location into the deeper Walker pool and many potential locations in the undrained shallower pools at Round Mountain. Our Californian oil production is highly profitable with prices currently about \$20/bbl above West Texas Intermediate.

Investors are reminded that production from all oil wells decline with time and Smoot 7 production will no doubt behave likewise.

Incremental holds a 100% working interest in the Round Mountain lease in California.

Yours sincerely



Gerry McGann
Managing Director