

6 December 2012

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

By: e-lodgement (ASX code: IOG)

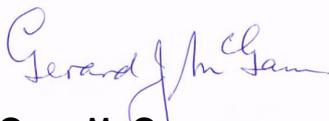
Dear Sir/Madam

California and Colorado Drilling and Audio Webcast

Incremental Oil and Gas Ltd ("the Company") advises that its first well on the Ventura project located in coastal California, the C & H #18, is expected to spud this week. This well is programmed to 6900' and should take about 16 days to drill. It will target multiple oil bearing reservoirs from about 3500' to total depth in an oilfield that has continually produced since 1928. Incremental holds a 25% working interest in the lease and will pay 25% of the well cost.

On Incremental's 100% owned Florence oilfield in Colorado, four wells are now planned in our first drilling campaign since acquiring the field in May this year. Two wells were previously planned for Q4-12. The drilling contractor has advised us that the rig will now be available only in mid-January. By drilling four wells, the mobilization costs for the 800 kilometer rig move (smaller rigs are scarce in Colorado), will be more cost effective than for drilling two.

I discuss the Company's recent ASX announcements in a webcast, available on the homepage of Incremental's website (BRR Media button). Issues discussed include the Smoot 8 well at Round Mountain and the significance of Austin Exploration's recently completed Pathfinder well adjacent to Incremental's leases in the Florence Oilfield.



Gerry McGann
Managing Director